

Tuesday April 14 1998

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NEWSPAPER OF THE YEAR

A gay couple's house guests from hell

Our dire straights

With European weather



Ferguson in the firing line

Arsenal destroy Blackburn on march towards title

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Education

Kiwi success bears little fruit

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Conference conflict

Blunkett faces down jeering teachers

John Carvel
Education Editor

DAVID Blunkett, the Education and Employment Secretary, yesterday faced down jeering left-wingers at the National Union of Teachers conference in Blackpool, warning that their behaviour put decent people off joining the profession.

After a resolute defence of the Government's education record over its first 11 months in office, he asked teachers to abandon their victim mentality and become partners in his campaign for higher standards.

Mr Blunkett escaped the ugly scenes which occurred when he addressed the same conference in Blackpool three years ago, but failed to get the standing ovation which greeted his speech last year in the run-up to the general election.

Doug McAvoy, the union's general secretary, said most delegates welcomed the Government's progress in cutting class sizes and expanding education investment, but he won loud applause from moderates and left-wingers when he castigated the unfairness of the policy of naming and shaming failing schools.

At a press conference later Mr Blunkett said the Government would ignore the NUT's criticism of education action zones and detailed guidelines on how to improve literacy in primary schools. These key parts of the education programme were non-negotiable.

The union had no reason to pursue plans for industrial action to reduce the bureaucratic burden of form-filling. It should respond to the bonfire of red tape he announced yesterday, but if teachers went ahead with the action they should not delude themselves that they could avoid damaging pupils.

"If it was effective, it would disrupt children's education and dislocate our standards agenda," he said.

Mr McAvoy said the Education Secretary was wrong. Limited industrial action would start in some schools on April 27, but it could affect the government's education agenda and not performance in the classroom. The action could escalate in September if Mr Blunkett's promises were not fulfilled, but even then it would not affect pupils' testing or exams.

Mr Blunkett said he did not hear all the jeers from his audience "because they are not all that articulate". Those responsible were a small minority of delegates and a minute

Priorities Children, Children, Children



David Blunkett gives food for thought at the National Union of Teachers conference

PHOTOGRAPH BY CHRISTOPHER THOMSON

proportion of the teaching profession.

After listing the programme of education measures since May, Mr Blunkett said: "We have not managed to wave a magic wand to transform things in the way many people would like, but we have managed to obtain £285 million in England to save the education service."

He was confident about teachers' desire to raise edu-

cation standards. "Our job is to work with you in partnership... slogans won't do it."

A section of delegates on one side of the hall boomed when he defended education action zones — clusters of about 20 schools in deprived areas to be run by local authority/business partnerships. The detailed guidelines on how to teach reading and writing were not part of a new "era of imposition" on

teachers. "Shouting won't make a difference."

"All you do is put off decent people who want to come into the profession... you are a tiny minority and that is a great comfort to the 400,000 teachers across this country."

Mr Blunkett hit back at a delegate who said on Sunday that the Government had taken out a contract on teachers.

"I have only one contract —

with parents and with you — and that is to improve standards, invest resources and listen and respond to what teachers are doing in the classroom. I recognise it will take time and patience. I realise that understandably people are in a hurry," but parents expected government

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Post Office in talks to win lottery

David Hencke
Westminster Correspondent

THE Post Office and pools operator Littlewoods are joining forces to challenge Camelot and the Virgin tycoon Richard Branson for control of the National Lottery in 2001.

Preliminary talks have been held on the possibility of drawing up a detailed bid to wrest control from Camelot. The idea has also been discussed with ministers as part of the consultation on the future of the Post Office and the Royal Mail, now that the Government has ruled out privatisation of the postal services.

The bid could prove extremely attractive to the Treasury because the state will get a share of the Post Office's lucrative lottery profits as well as proceeds to back projects from the Millennium Dome to schools and health centres. But the link with the privately-owned Littlewoods is bound to cause controversy, since the deal will break Labour's manifesto pledge to hand the lottery to a non-profit operator.

Chris Smith, the Culture Secretary, has already weakened the pledge by not ruling out a profit-making bidder who put forward the best deal for good causes.

It will raise questions whether Littlewoods — whose business has been hit by the success of the lottery — could be accused of a conflict of interest because it already runs its own scratchcards and has no intention of dropping its pools operation.

The move would be a blow to Mr Branson's hopes of running the lottery on a non-profit basis, as a deal involving the Post Office could be more lucrative for the Government.

It also comes as Camelot — which is expected to bid for an extension of its licence — has come under fire after lottery equipment maker G-Tech was bought out by a private company. G-Tech's former chairman, Guy Snowden, lost a libel suit against Mr Branson over allegations that he had tried to bribe the Virgin boss to persuade him not to bid for the lottery. Of course, the lottery regulator, ruled last week that G-Tech was fit to continue as a supplier to the lottery.

The case for a Post Office bid is being pressed by Alan Johnson, the Labour MP for Hull West, financial secretary to the Treasury and former



'If the Post Office ran the lottery it would make a huge difference to the plight of rural sub-post offices'

Alan Johnson MP

general secretary of the Union of Communications Workers, which represents most Post Office staff. He has already talked to the Post Office board about the idea.

He said yesterday: "The Post Office is already the largest lottery retailer, with 19,000 outlets, but if it took over the running of the national lottery it would make a huge difference to the plight of the rural sub-post offices, which are threatened with closure."

"It will also allow the Treasury to take a bigger dividend from the Post Office's profits, and provide the Post Office with extra income for modernising its counter services and computer equipment."

Under the liberalisation measures introduced by the former Deputy Prime Minister, Michael Heseltine, after privatisation was dropped, Post Office Counters Ltd is free to bid for the lottery.

Littlewoods indicated last December that the company

wanted to bid for the lottery. Profits from soccer pools have slumped under the weight of the lottery competition, with turnover down two-thirds and profits by a third.

Littlewoods is considering moving into sports betting and is experimenting with electronic systems to try to boost its pools business, enabling agents to deliver lottery-type print-outs when they collect weekly coupons.

It has also had detailed talks with the Post Office over the launch of its scratchcard, where the idea of developing a partnership for the lottery bid was first raised.

One source said: "The Post Office could not launch a bid for the lottery by themselves as they have no experience in running gaming operations." The Post Office was officially more cautious about a bid, saying the possibility had been discussed and it was being raised with ministers. "But no detailed proposals have been drawn up."

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How the weed is beating flower power parents

Martin Kettle
in Washington

PARENTS from America's post-war baby boom generation who thought that they had learned all there is to know about sex, drugs and rock and roll in the 1960s will have to think again. The ageing members of the flower-power generation have become dopes about their own children's drug use.

A new survey in the United States revealed yesterday that

they are as out of touch about drugs as their own parents once were. The generation of Bill Clinton, who claimed never to have inhaled marijuana, has achieved a state of oblivion about their children's access to and use of the illegal weed.

"Boomers — many of whom have been there, done that" — are surprisingly out of step with the reality of drugs in their children's lives," said Richard Bonnette of the Partnership for a Drug-Free America, the influential um-

brella group that commissioned the survey yesterday. "Parents, by and large, recognise the severity of the drug problem, but few sincerely believe their children are exposed to drugs, that drugs are widely available in schools their children attend."

The survey, which was conducted last year, involved more than 9,000 children, teenagers and parents. The findings paint a remarkably consistent picture of parental ignorance, with parents routinely underestimating the

availability of drugs in their teenagers' lives and completely exaggerating their teenagers' disapproval of marijuana.

Several findings suggest parents barely know half of the truth about their teenagers' drug use. Only one in five parents think it is possible that their teenage child may have tried marijuana; but two in five teenagers say they have experimented with it. Only two in five parents said that their teenagers had been offered

drugs, but three in five teenagers said that they had been offered them. And while less than half of parents thought their own teenagers had friends who smoked marijuana, nearly three quarters of the teenagers said they had a dope-smoking friend.

The baby boom parents got it wrong on every question. A third of them felt that their children understood that there was a great risk in trying marijuana. But when the researchers asked the teenagers, fewer than a fifth said

there was such a risk. And while only two in five parents said that marijuana was very easy for their teenager to get, three in five teenagers said the drug was very easy to obtain.

The findings confirm a recent American Medical Association study which found that more than 80 per cent of Americans think drugs are a serious national problem — but less than a quarter considered them a problem in their own local areas.

Inside

Britain

A large-scale expansion in the collection of system tax is being considered by ministers.

World News

Alexander Lished, a former general secretary of the Communist Party, is a pantheist region of Siberia, with eyes on Russia's 2000 presidential race.

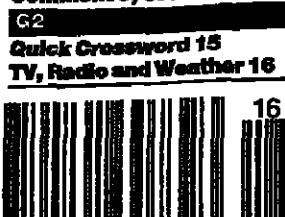
Finance

The Treasury has a widely expected £5 billion and the wreckage of pension funds selling, thanks to the previous government.

Sport

The Irish Grand National provided an emotional moment when Paul O'Brien made a perfect race on Bolshoi, trained by his father.

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Peace deal passes first Orange test

Ewen MacAskill
in Belfast

THE Northern Ireland peace settlement survived its first test yesterday when an Apprentice Boys march in Belfast opted against confrontation in the Lower Ormeau, a strongly nationalist district and a traditional flashpoint.

The marchers were stopped at a temporary police barrier on a bridge over the River Lagan. Instead of attempting to force a way through, they marked time while their leader, the bearded and bowler-hatted Worthington McGrath, expressed "bitter disappointment" and handed in a letter of protest.

But as they wheeled away the band defiantly played The Sash, a hint that while this Easter Monday parade passed peacefully there will be tougher tests ahead when the marching season gets fully under way in July.

The Royal Ulster Constabulary's chief constable, Ronnie Flanagan, praised the marchers' "great maturity", but expressed concern that there was no evidence of local agreements about other contentious parades. He said there was still scope for "tremendous disorder".

There is the unresolved problem of the annual stand-off at Drumcree, in Portadown, on July 5, as well as a planned return to the Lower Ormeau road.

Yesterday's parade was the first test not only for the peace settlement but of the Government's new Parades Commission, set up to adjudicate over disputed routes. In its first ruling last week, the commission, headed by Alistair Graham, a former trade union official from northern England, barred the march.

Until then, the decisions had been left to the RUC. Despite the commission's decision, the nationalist community still expressed unhappiness yesterday. Gerard Rice, the spokesman for the Residents' Association, said that the problem had been postponed for another day and that the only answer lay in dialogue.

The Apprentice Boys refuse to speak to the residents' association because Mr Rice has been convicted of possession of a firearm and membership of the IRA. Mr Rice said the final gesture of the Apprentice Boys had not gone unnoticed: "They still played The Sash, as they turned away. There is a need to show respect for each other. This is

not a march, it is a political statement — triumphalism."

The Lower Ormeau, where Irish tricolours hung from lamp posts yesterday, has long been a trouble spot. It is a nationalist enclave close to the city centre and an easy target for rampaging Orangemen or loyalist gunmen. Mr Rice said that 55 of the 1,200-strong community had been killed in the Troubles.

A plaque on a wall in Hatfield Street commemorates five people killed together — the oldest 66 and the youngest only 15 — by loyalist gunmen outside a bookmaker's shop in the Lower Ormeau in 1992.

There are moderate nationalists who claim there could be a peaceful compromise to the marches but this is being blocked by activists from Sinn Féin, the political wing of the IRA.

There are 3,200 Orange parades scheduled for this year, though only about a dozen are contentious: Drumcree and the Lower Ormeau are the two most emotive. In making his judgments Mr Graham has to take into account not only the traditional right to march but a factor too often ignored by the RUC — the impact on the communities the parade pass through. He is scheduled to adjudicate on Drumcree next Monday.



A soldier keeps watch in Belfast city centre yesterday as Northern Ireland's Orange marching season got under way

PHOTOGRAPH: ALAN LEWIS

He will have to adjudicate on the Lower Ormeau again this year because the march leader, Mr McGrath, warned that though they had failed yesterday they will try again. The Apprentice Boys yesterday kept the march low key, confining their numbers to a flute band and just a dozen others. Local people, too, kept a low profile, staying

indoors rather than coming out to hurl abuse. RUC superintendent Stephen Grange, whose area covers the Lower Ormeau, said the peace settlement had passed its first hurdle. He was non-committal when asked about the marching season ahead. "Each parade will be looked at on its merits."

John Hume, the leader of

Northern Ireland's main nationalist party, warned politicians yesterday against being diverted from the peace process by an obsession with the handover of weapons by the paramilitaries.

Mr Hume, one of the driving forces behind Friday's deal, put himself at odds with the Ulster Unionists and the former prime minister, John

Major, who see decommissioning as a priority.

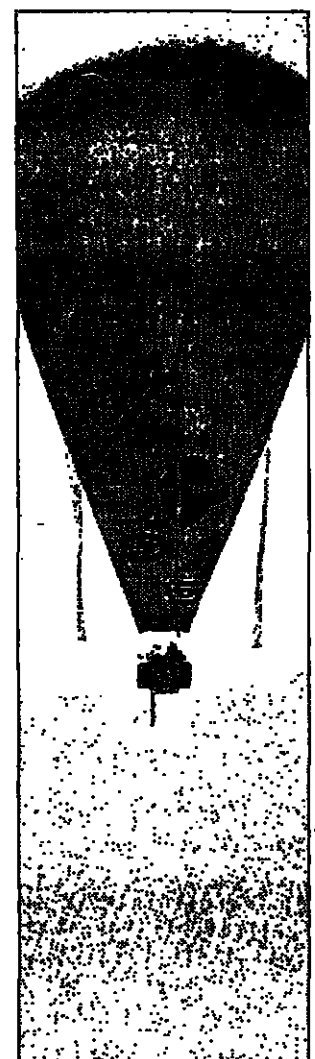
An arms handover, mainly ignored in the settlement agreed by the main Northern Ireland parties, is fast becoming the major sticking point to further progress.

But Mr Hume, leader of the SDLP, said: "The real question isn't decommissioning. The real question is: those

paramilitaries on both sides of the divide, when they say they have ended their violence, do they mean it? If they were playing games they could surrender these guns on a Monday and buy more secretly on a Tuesday."

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Pilot who saved Branson dies after fall



Before the crash: the ill-fated Branson balloon soon after lifting off from Marrakesh in January last year

Shattered on concrete, but 'he carried on fighting until the end'

Ruaridh Nicoll

AFTER a valiant three-month battle to recover from horrific injuries sustained in a 13,000ft fall, Alex Ritchie, co-pilot on Richard Branson's round-the-world balloon attempt, died on Sunday.

Mr Ritchie, who last year saved Mr Branson's life, suffered extensive injuries when his parachute failed over a Moroccan airfield in January. He was flown to Britain and struggled through nine operations, almost recovering before septicæmia set in.

"He was a fighter until the end," his son Duncan said yesterday. "We are all extremely upset, even though we knew how ill he was."

For the last three months, 52-year-old Mr Ritchie's estranged wife Jill kept up a bedside vigil with their sons Duncan, aged 20, and 24-year-old Alasdair. Mr Ritchie's parents and sister flew from their homes in South Africa to be near him.

Mr Branson also made frequent visits. Yesterday he said he planned to dedicate his next round-the-world attempt to his colleague: "It is never easy losing a friend even if one has had some months in preparing for it."

In January 1997 Mr Ritchie saved Mr Branson by slowing their balloon's descent one minute before it slammed into Morocco's Atlas mountains. The balloon had developed a problem only 24 hours after take-off and was falling at 33ft a second.

Mr Ritchie, a talented engineer, climbed out into the pitch-black night and manually jettisoned the heavy fuel tanks, allowing the crew to regain control. Speaking after the drama, Mr Branson said: "If Alex hadn't been there we would have gone into the ground. He saved our lives and he's the hero of the hour. He showed unbelievable bravery."

It was during the preparations for another attempt that tragedy enveloped Mr Ritchie. Although he hated parachuting, the freefall over Marrakesh was part of the training.

He borrowed a parachute from a local flying school only to find, while passing 9,000ft, that it did not work. He managed to open his reserve at 2,000ft but it failed to slow him enough and he fell on to concrete. His injuries included breaking a leg and his pelvis, fracturing his arms and badly damaging internal organs.

Mrs Ritchie said that after about four weeks in hospital, having fought off a bout of septicæmia, he was moved from intensive care to a general ward.

"He was well enough to be fed up and irritated," she said. "But on March 12 he was taken back into intensive care for an operation to try to put together his pelvis. The septicæmia flared up again after the surgery."

Throughout the last weeks Mrs Ritchie kept talking to him, ignoring his comatose state.

"He slowly began to im-

prove and started to wake up again a few days ago. He was still on a full life support machine with a pacemaker, ventilator and a kidney machine because his kidneys had failed."

The whole family visited him on Good Friday. Mr Ritchie joined the Virgin team in 1997, a last-minute replacement for world civilian skydiving champion

Rory McCarthy who had been grounded because of a lung infection.

"Even after his accident he said that he was determined to be fit enough to attempt the balloon flight again next winter," said Mr Branson. "Sadly that is not to be and we have all lost not only a great friend but also one of the most professional colleagues I have

ever had the pleasure to work with."

"In that spirit we are determined to go on and attempt to fly around the world later this year in a capsule which he designed and built."

"The trip will be dedicated to him and we will undertake the flight in his honour."

Obituary, page 10



After the crash: Richard Branson tells how Alex Ritchie saved them

PHOTOGRAPH: JACQUELINE ART

IMF predicts relief for Brown in reverse of pound

Alex Brummer
in Washington

THE strength of the pound could soon start to reverse itself, providing some much-needed relief for the Chancellor Gordon Brown and British exporters, the International Monetary Fund predicted yesterday in its authoritative report on the world economy.

The surge of the pound — up more than 30 per cent in a year — has created havoc for UK manufacturers and has put Mr Brown under pressure to lower its value.

Speaking in Washington, the IMF's chief economist, Michael Mussa, said that the IMF expected the pound to "correct downwards against other European currencies" as the deficit in Britain's balance of payments increases and growth in the European economies surges past the UK.

With the UK economy slowing rapidly as a result of sterling's high value, the Asian crisis and the budget tightening since Labour came to office a year ago, the IMF also believes that the next move in British base rates, and therefore mortgage rates, could be downwards.

Sterling has become the most serious problem facing Mr Brown since he took over as Chancellor with critics accusing him of dealing a death blow to industry by handing over control of interest rates to the Bank of England. The base rate has risen from 6 per

cent to 7.25 per cent since he took office.

The IMF believes that the rise in the pound against European currencies is now beginning to cause serious difficulties similar to those which occurred in the United States in the mid-1980s, when much of industry was wiped out creating a "rustbelt".

The IMF sees the service sector booming, creating an unbalanced and unsustainable position. Only a reversal of sterling's strength could turn matters around.

According to IMF forecasts published yesterday, the trigger for the change could come when UK growth slows to 2.3 per cent this year and falls more in 1999 at a time when growth in Germany and France starts to surge.

The IMF says the robust growth in Europe will mean that the single currency, the euro — which will effectively be launched on May 1 — will be strong and will take the upward pressure off the pound. It dismisses the idea that the pound's extraordinary strength stems from London's position as a safe haven away from the uncertainties surrounding the European project.

The Fund forecast that Britain will move from a current account surplus of \$7 billion (£4.2 billion) last year to a \$15 billion deficit this year as exporters lose competitiveness. Mr Brown arrives in Washington today for a meeting of the Group of Seven industrial countries.

Folk formula gives way to musical melodrama from Russia's gypsy past

Review

Bob Flynn

Shoots And Roots Festival
Edinburgh

WHAT with all the heads thrown back in song, whooping laughter and Cos-

sack dancing, you could be forgiven for thinking that there had been a leak of intoxicating fumes at the Caledonian Brewery. But it had little to do with alcohol and all to do with the instantaneous effect of Loyko, a Russian trio who brought their ancient gypsy music like an icon from the east. Nobody knew what they were singing about but it didn't really matter.

Loyko's impassioned set was a highlight of a weekend of traditional music under the banner of Shoots And Roots, the much-reduced reincarnation of the Edinburgh Folk Festival, which expired last year as a result of thin programming, poor attendance and, it has to be said, old fogeyism in the face of the success of Glasgow's Celtic Connections.

The roots juggernaut of

Celtic Connections not only dragged the music out of the snug bars and tents but also cast a glaring light on Scotland's east-west (Edinburgh-Glasgow) musical divide. Some scepticism greeted the new format, which shamelessly copied Celtic Connections by banishing any dangerous use of the word "folk", but a series of sell-out shows proved director David Francis

got the four-day event just right.

Loyko's music is all unashamed melodrama and it is impossible not to be swept up into its mad arms. The feverish Russian story-songs are delivered with a tight three-part harmony, making them sound like the Gypsy Kings on a cocktail of vodka and speed. Violinist cousins Sergei Erdenko and Oleg Ponomarev

fire off scragging, keening, fiddle conversations while guitarist Vadim Koulitskii creates the rhythmic foundations. Folkies and mazurkas come to sudden raging climaxes with raised arms in the traditional flourish of the old gypsy players.

On the same night in the Teviot Hall, the original venue for the folk festival, Martin Hayes and Dennis Ca-

hill cast a spell which will linger in the mind and the soul. They were the sublime to Loyko's ridiculous. Hayes is the new master of Irish music, and he unfolded an exquisite range of airs, reels and jigs. Born in County Clare, Hayes has a way with soft, hilarious introductions which are offset by the lyrical beauty of his playing that goes far beyond obvious technical brilliance.

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Quality on the greens
For real
misogyny
Just try
playing
a round
of golf

men's position as second class
in many clubs may soon
be ended, reports John Duncan

W
Clubhouse rites

Magazine loses to
over Seinfeld's va



They burped and
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Inequality on the greens

For real misogyny just try playing a round of golf

Women's position as second class citizens in many clubs may soon be ended, reports John Duncan



Getting to grips with a game whose clubs are still largely controlled by men, often to the disadvantage of women

PHOTOGRAPH BY DON MAFHEE

WHEN the MCC voted against admitting women members two months ago, there were those who pointed to it as the last bastion of male supremacy, an island of old school misogyny in a brave new world where all were equal. Whoever said that does not play golf.

The Equal Opportunities Commission this week estimated that two-thirds of all the complaints it receives about private clubs are about golf clubs, and a golf magazine has backed a campaign to have the law changed to prevent discrimination.

Jane Carter, editor of *Women and Golf* magazine, said: "Although it is true that the more recently developed clubs have abandoned the idea of separate fees and therefore fewer rights for women members, in the majority of Britain's 2,000 golf clubs with more than 100 years of tradition behind them, women often still find themselves out in the cold." She estimates that 75 per cent still practise some form of discrimination.

Women find themselves sidelined in various ways, from the petty and bureaucratic to the offensive. Women are allowed to play at many clubs only when demand is low — daytime on weekdays — a legacy of a time when women didn't work and could play when their man was at the office.

Southport and Ainsdale, on Merseyside, is typical.

Women are not allowed on the course until after 4pm on Saturdays and 1.30pm on Sundays, although on Sundays they are allowed to sit in between the men from 12noon if they start at the seventh hole.

At some clubs they must give way to men if asked. Not all the rules are in any constitution. At Chipping Norton, Oxfordshire, the women's section secretary, Judith Benson says it is "an unwritten rule" that women do not play on Sunday mornings.

Many clubs have come up with a different level of membership for women which does not give them a vote in club affairs and hence any power to improve their lot at the club.

At Alnmouth Golf Club, in Northumberland, women can go to annual general meetings

and have a vote, but are not allowed on the committee.

Women remain barred from areas of some clubs, or are not permitted to walk on certain paths or specially carpeted areas of the bar.

"We do not object to clubs offering different levels of membership if all levels are open to both sexes," said the EOC deputy chairwoman Georgina James. "In the past, some golf clubs have restricted full membership to men, allowing women associate status only, denying them full and equal participation. It is unacceptable to use associate membership as a second class option for women."

The situation has got so bad and the rate of voluntary change so disappointing, the EOC is proposing to change

the law to hit discriminating clubs.

In a government-commissioned consultative document on a new Sex Discrimination Act, the EOC is seeking a law making it illegal for golf clubs who have admitted women to some level of membership in recent years to deny them full rights. If that gets on to the statute book in the next two years, clubs face a revolution. The financial benefits of change may soothe hurt male pride. In the past seven years the number of golfers has grown by 18 per cent, but only 2 per cent of the intake were men.

Some clubs such as Burnham and Berrow, in Somerset, recruit women. The problem, according to Women and Golf magazine, is that many leave the game quickly be-

cause of the way they are treated.

The other financial imperative driving change is lottery cash. Of 181 golf club applications for lottery money only 30 have been successful — golf gets only 1 per cent of the total awards made. More applications from golf clubs are rejected than any other sport — 84 per cent compared with a 56 per cent average. One of the main reasons is golf's attitude to women.

"There is a simple issue of fairness here," said Peter Grant of the English Sports Council. "The lottery is played by everybody so its benefits should be available to everyone equally. Golf falls foul of this principle. The English Sports Council will not even countenance a provisional offer until a club amends its rules."

But, say some women golfers, things are not as bad as they are sometimes made out. "It annoys me that the same incidents are brought up again and again," says Jan Bennett, a former chairwoman of the English Ladies Golf Association. "Those things do happen, but while they are upsetting for the people involved it's very rare. It's blown out of all proportion. We are moving in the right direction but it's a slow process."

Bennett's own club, Berkhamsted, in Hertfordshire, has recently voted to give women equality. The rest may soon have to follow. Additional reporting: Lisa Cockrell, Niall Couper

How a veteran pro and battler beat sex bias after 30 years

VIVIAN Saunders is not a woman to be taken lightly, nor a golfer to trifle with. Saunders (right) has spent more than 30 years facing down discrimination against women in golf and has come out very much on top, writes John Duncan.

Deciding to turn pro in 1969 after becoming British Women's Open Champion, she failed to get a job as a club pro and decided to buy her own club instead. She doubled the membership in two years.

"I have been a professional golfer for 29 years," she said. "When I started off with the Professional Golfers Association they had a rule saying that lady golfers shall have exactly the same rights as men, save that they shall not attend meetings, play in tournaments or vote. They only changed that because the Equal Opportunities Commission forced them. This is the governing money of professional golf we're talking about."

There is still no woman on the board. Although there is a women's section it is the one section that doesn't have a board member.



pioneer of the successful European women's golf tour, bought Abbotsley Golf Club in St Neots, Cambridgeshire, in 1986. It now boasts two courses with 800 members, of whom the majority are men. Everyone is treated equally.

But Saunders is frustrated that not enough is done to take on golf clubs who she says are already

breaking the law in discriminating against women. "It's quite specific in the licensing laws for private clubs that men and women in a club have to all be full members. You can't discriminate between them. The police and the licensing authorities already have the power to act, but they rarely do."

PHOTOGRAPH BY GRAHAM TURNER

Magazine loses the plot over Seinfeld's vanity affair

Joanna Coles in New York

THE thin membrane of American journalistic integrity suffered an ugly tear this week, when it became apparent that Jerry Seinfeld, the country's most popular comedian, had been granted a sneak preview of an upcoming profile in *Vanity Fair* magazine and then demanded editorial changes.

Last night the American media was agog, for although it is not unusual for celebrities to be given copy approval in glossy fashion magazines, *Vanity Fair* takes its journalism more seriously than the Constitution.

The story reached near hysterical proportions when it became clear Mr Seinfeld's long-standing publicist, Lori Jonas, had been abruptly fired for blowing his cover. She is thought to have faxed the magazine directly with Mr Seinfeld's comments on the piece scribbled in the margins, when she was supposed to have returned it discreetly to the journalist who wrote it, Lynn Hirschberg. Editors at the magazine became suspicious after they



Jerry Seinfeld: sitcom earns him \$1 million an episode

received a copy of Mr Seinfeld's comments and Ms Hirschberg, who had signed a confidentiality agreement guaranteeing she would not show anyone the piece, telephoned them to beg for changes.

"Somehow Seinfeld got a copy," a spokeswoman for the magazine confirmed briskly. The magazine made two factual changes but refused to "soften one paragraph".

Gossip columnists have been drooling over the story, while chat shows have dissected the cosy relationship

between celebrities and an ostensibly objective media.

Meanwhile, it is difficult from the unctuous tone of the piece to see what upset Mr Seinfeld, whose final show was taped in Los Angeles last week. He earns \$1 million for every episode of the most-watched sitcom in America. In the profile he discusses his collection of 25 Porsches, including one of only 40 Spyder models in the world. "I considered bringing it into the house," he says, "but it's aluminum and I was afraid it might get dented."

Blunkett faces down jeering teachers

continued from page 1

and teachers to work in partnership. "I ask teachers to stop believing they are victims and start seeing themselves as partners in change. It is easy to shout slogans, it is harder to make it happen on the ground... you can be part of the learning age, where inequality and injustice can be set aside."

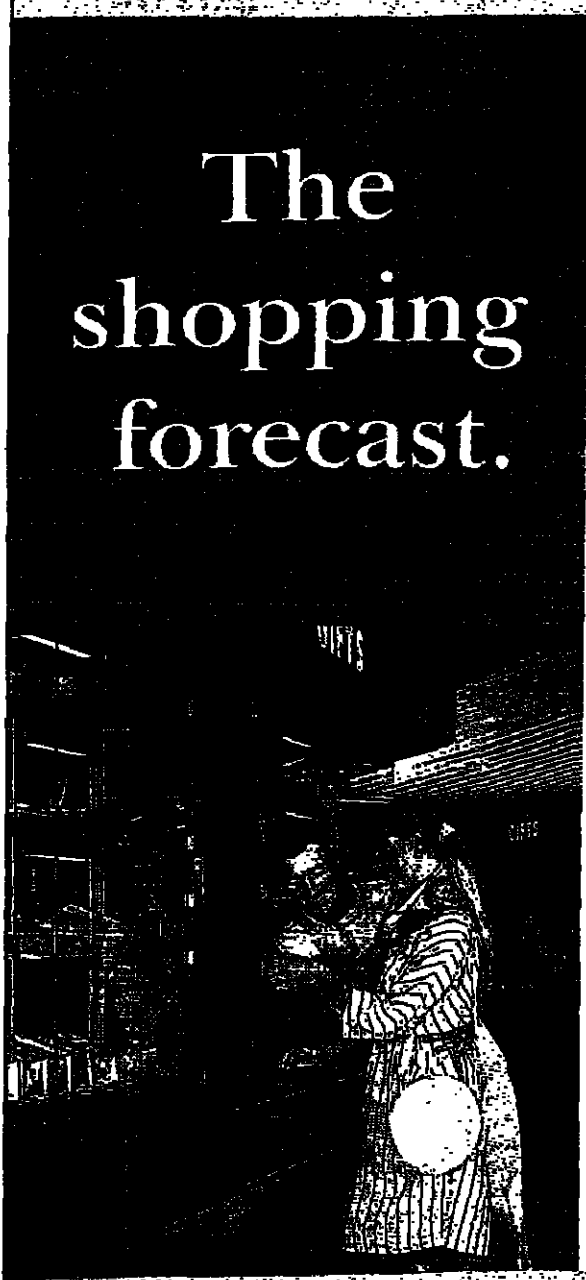
Leftwing delegates said they were not satisfied with Mr Blunkett's assurances. Will Reese, a Coventry teacher on the executive of the Socialist Teachers Alliance, said there was "a persistent threat of criticism about teachers from the Government".

They were singled out for attack by Tony Blair and senior Labour Party figures. The Government's policies were "turning knowledge into a commodity and schools into factories", he said.

The bonfire of red tape announced by Mr Blunkett will include reduced demands on schools from the Office for Standards in Education, the Qualifications and Curriculum Authority, and the Teacher Training Agency and local education authorities.

You don't have to be French to shop in Calais

The shopping forecast.



Attention all shoppers, especially in areas a short hop from Dover.

Here is the shopping forecast from the English Channel.

Dover to Calais - crossings, frequent.

Shopping prices falling steadily.

Wines plentiful from all regions with bargains, imminent.

Bries moderate. Other cheeses also excellent.

Hotel accommodation - good. Restaurants - fine.

There'll be a few passengers unwinding as the day goes on and we'll see more ferries along shortly.

What are you waiting for? With around 140 crossings a day,

Calais

begins with sea

DOVER/CALAIS - OVER 140 CROSSINGS EVERYDAY
P&O STENA LINE, SEATRANS & BOWERSPEED

They burped and farted and slung their bags down. If they were worried about us fancying them, we didn't.

When the lads from Leeds came to stay in Soho

G2 covery story

Demand to remove Stations of the Cross from Westminster Cathedral



Unholy row over artist with a shady family life

Madeline Bunting on incest anger

A FIERCE debate has erupted in the Catholic Church over whether the work of Britain's most famous Catholic artist should be removed from Westminster Cathedral because he sexually abused his daughters.

Eric Gill's Stations of the Cross, depicting the stages in Christ's death and crucifixion, are one of the artistic treasures of the cathedral, and one of his most celebrated works. But Christian Survivors of Sexual Abuse have called for the plaques to be removed, arguing that the work of an artist who had incestuous sexual relationships with two of his sisters and two of his daughters has no place in a house of God.

The controversy was started by a recent ITV series on the Stations of the Cross, in which Cardinal Basil Hume, the head of the Catholic Church in England and Wales, presented meditations on the Passion of Christ in front of Gill's work.

The controversy fills the letter columns of this week's Catholic Herald. One correspondent demands that Cardinal Hume explains why "we have the work of a paedophile in our churches" while another comments that much of Gill's other work was por-

nography which should be removed from the cathedral. Others argue that if the moral probity of an artist's life is relevant, many other great works would have to be banned. "What of Caravaggio, the wild murderous homosexual painter? Are we throw out his religious paintings from the Vatican Pinacoteca? What of the Vivaldi, who was far too familiar with the orphan girls of the Ospedale della Pietà in Venice?" writes Father Alberic Stappole of Ampleforth Abbey, North Yorkshire.

Winefrid Pruden, who is writing a book about the Catholic artistic community Gill founded, criticises the arguments of the Christian Survivors of Sexual Abuse as "irrelevant and superficial".

She argues: "I do not condone [Gill's] behaviour, but let us be accurate. I am not sure that the word abuse is justified when his sisters were complicit, and the daughters did not seem to be aware that anything was abnormal."

Monsignor Kieran Conry of the Catholic Media Office pointed out that English Heritage would be likely to oppose removing Gill's work from the cathedral which is a Grade I listed building. "I do understand the difficulty and the sensitivity of this subject given all the



Eric Gill as a young man (above left) and one of the plaques — depicting Jesus being condemned to death — which detractors say have no place in a house of God PHOTOGRAPH: MARTIN GOWEN



Gill (at far end of the table) having tea with his family and local chaplain at Pigotts, Bucks, in the late 1930s

awful associations of child abuse for a victim and the implication of the Catholic Church. But if you remove Gill, where do you stop? Do you remove Caravaggio too?" Fiona MacCarthy, whose

biography of Gill in 1988 revealed for the first time the extent of his incest and paedophilia, described the proposal to ban his work as an appalling desecration.

"They are very great works of art. It's an absurdity to take them out of the building for which they were commissioned. It is pathetic for people to project their own anxieties on to a work of art."

Gill converted to Roman Catholicism in 1913 when he began on the Stations of the Cross for the cathedral. His work, life, art and faith were always inextricably linked. He set up a community of religious artists in Ditchling, East

A colourful palette: the artists who went against the grain

Eric Gill is not the only artist whose private life challenges orthodox Catholic morality. Other artists with potential to trouble the church include:

- Caravaggio. Wild Italian homosexual painter, famous for his use of chiaroscuro. Imprisoned for libel and violence; also involved in a stabbing. Depicted scantily clad boys with still-life accessories.
- Augustus John. British portrait painter and draughtsman whose tempestuous bohemian lifestyle and extensive family (nine children by two different women) shocked the Edwardian establishment.
- Michelangelo. Greatest sculptor and draughtsman in history. His favourite

subject was the male nude. Rumoured to be homosexual. Famously painted ceiling of the Sistine Chapel, and worked for a series of capricious popes.

- Leonardo Da Vinci. Illegitimate genius who embodied the Renaissance, probably homosexual. Famous as painter of the Mona Lisa, as well as anatomical studies, architectural and scientific designs, and studies for uncompleted sculptures.
- Vivaldi. Italian composer and violin virtuoso, whose instrumental work defined the late Baroque period. Allegedly too familiar with orphan girls of the Ospedale della Pietà in Venice, where he taught music during the first half of the 18th century.

— Luke Harding

NHS trusts face legal action on care quality

David Brindley, Social Services Correspondent

HEALTH ministers yesterday made the first change to their NHS white paper by toughening proposals that would expose hospital trusts to legal action if they failed to deliver proper standards of patient care.

The move came in apparent response to public concern about cases involving cancer-screening errors, notably in Kent where eight deaths have been linked to blunders.

The white paper, published last December, proposed NHS trusts should have a statutory duty to provide care of an appropriate standard, and trust chief executives would be ultimately responsible. The change means that for the first time in the 50-year history of the NHS hospitals would have a legal duty of quality.

The white paper had left it to the discretion of chief executives to ensure there were "appropriate local arrangements" to give them and the boards confidence that responsibilities for quality were being met. "This might be through a board sub-committee... with responsibility for ensuring the internal clinical governance of the organisation," the white paper stated.

Alan Milburn, Health minister, yesterday removed much of this discretion. He said that "every hospital" would have to appoint a single, clinical professional to take charge of quality issues. Trust boards would receive regular reports on quality of services, and the regional office of the NHS executive would be able to intervene, through a proposed commission for health improvement.

Mr Milburn said: "What counts for patients is quality of service. Until now, the principal legal duties of NHS trusts have been financial. The guidance will also support 'whistleblowers' in reporting colleagues' errors."

Rural issues to get strong voice in Cabinet

Ministers surprised by strength of feeling in march on London

Lucy Ward Political Correspondent

PLANS are being drawn up for a powerful cabinet committee as part of moves to demonstrate commitment to the countryside.

John Prescott, the Deputy Prime Minister, and the Agriculture Minister, John Gummer, are discussing plans for the committee which would help co-ordinate policy from the needs of village schools to transport.

The plan, which will require prime ministerial approval, will be seen as a further attempt by the Government to assure the countryside lobby that it has taken note of rural concerns.

Ministers were surprised by the strength of feeling demonstrated last month when almost 300,000 marchers converged on London to protest at perceived threats to rural life.

Plans are under way for a wide-ranging white paper due

to be published towards the end of the year. The document is expected to encompass all areas of country life, including greenfield development, declining farm incomes, inadequate transport, small school closures and space health provision.

Meanwhile, government sources insist a plan for a ministry for rural affairs, outlined on the eve of the countryside march, is still on the table. There have been suggestions that the scheme, which would see a transformed Ministry of Agriculture take control of key countryside policy areas from Mr Prescott's Department for Environment, Transport and the Regions, has been stymied through turf wars between the two parent departments.

A rural affairs cabinet committee might include ministers drawn from health and education departments as well as the Mr Prescott and Mr Gummer and their ministers. Its role would be to promote co-ordination, easing concerns that an overarching



A marshal at Hyde Park during the protest against threats to the countryside

"new vision" set out in the white paper would put other ministries' noses out of joint. Its operation could mirror that of the cabinet committee on women's issues, backed by a women's unit of civil servants within the Department of Social Security, which is intended to ensure all government policy takes into account the needs of women.

That committee has proved effective in helping ensure a new working families tax credit for low income families can be paid to women and in pushing for more government help with childcare costs.

A government source insisted moves to co-ordinate rural policy need present no threat to other departments. "Nobody is suggesting that countryside interests should be pulled out altogether. But

on all these areas — transport, education — it is known that rural areas have different needs from urban areas."

He denied the plans represented an attempt to placate the rural lobby. There are about 170 Labour MPs with countryside seats. The Government was anxious to demonstrate that rural communities were about "more than just farmers and commuters".

Labour's vision

□ Greenfield development. Following protests over major housebuilding plans for green belt areas, the Government is now aiming to ensure at least 60 per cent of new development takes place on "brownfield" or recycled land by the millennium.

□ Transport. Labour's rural MPs have lobbied for curbs on petrol and diesel duty. Chancellor Gordon Brown announced an extra £50 million for rural bus services in last month's Budget, but there is pressure for more integrated improvements across public transport.

□ Village school closures. More than 450 rural schools have closed in the past 15 years, forcing children to journey beyond their local area. In a concession on the

eve of the countryside march, the Schools Minister, Stephen Byers, promised to end the "stream of closures".

□ Falling incomes. Farmers have joined mass lobbies at Westminster to highlight a 40 per cent slump in farm incomes. The white paper could contain measures for increasing jobs in rural areas with funding from new regional development agencies.

□ Health. Environment Minister Michael Meacher wants the white paper to specify the distinct needs of remote rural areas, which lack the concentrated medical services available in towns and cities. He has floated the idea of "satellite hospitals" to save on journeys for country dwellers.

Coal board chief who took on miners dies



Ian MacGregor: reviled and revered for slashing jobs

SIR Ian MacGregor, the businessman who took on Arthur Scargill's striking miners as chairman of the National Coal Board, died yesterday aged 85.

The Scots-born industrialist, who led the NCB during the 1984/85 miners' strike, suffered a heart attack while with friends in Somerset.

Denounced by his enemies as a butcher and lauded by the Conservative government as a saviour of British industry, Sir Ian was one of the most high profile business fig-

ures of the 1980s. In his NCB role and earlier as chairman of the British Steel Corporation.

Tributes to Sir Ian were led by Baroness Thatcher. "He had a tremendous way of putting things," she said. "He made a real difference and I was very grateful when he came back to this country."

Educated in Edinburgh and Glasgow, he graduated from Glasgow university with a first class honours degree in metallurgy and in 1935 joined his father at the British Aluminium Company.

During the second world war he went to the US with

the British Tank Mission to buy tanks and other hardware for the army.

He held a succession of increasingly important posts in US industry.

In 1975, he returned to Britain and became a non-executive director of state-controlled British Leyland.

Official confirmation of his appointment as chairman of the British Steel Corporation was made to the Commons in May 1980 — but he hit the headlines when MPs heard that Britain was to pay a "transfer fee" of up to £1,825,000 to compensate American merchant bank La-

zard Freres for the loss of its senior partner.

With ruthless determination, he set about his task of trimming the steel industry. In January 1983 he told a Commons select committee he wanted a workforce of 70,000. By then 100,000 jobs had gone, reducing the payroll to 86,000.

Mr Scargill once dubbed him "the American butcher of British industry". Sir Ian replied: "I am not a butcher, I am a plastic surgeon — I try to rebuild damaged features."

Obituaries, page 10.

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Father Patrick Sullivan, below, tells his parishioners at the Pastora Church of Santa Clara on Sunday that he has been asked to leave by Communist officials angered by posters such as that on the church wall, which reads, "Remember the prisoners as if you were one of them. We are counting on your help"

Communist chiefs force US priest to leave Cuba

Tom Gibb in Havana

THE only United States Roman Catholic priest resident in Cuba says he is being forced to leave his parish after falling foul of the Communist authorities. Father Patrick Sullivan, from New York, has run two active parishes for four years in Santa Clara, the town where the Pope held his first mass on the island in January. The timing is curious. Fidel Castro's government has been working hard since the papal visit to court Church support for an easing of the United States' economic embargo against Cuba. The incident is bound to create tension.

Fr Sullivan said he would leave the island this week, although he was given the option of moving to Havana until his residency permit expires in February. Foreign priests make up almost half the island's 280 clerics. Fr Sullivan said his Church superiors had led him to believe that if he stayed in Cuba it would "bring about some reprisals by the government against the Catholic Church". Fr Sullivan apparently angered local party officials by running secret ballots for

the parish council, talking to foreign journalists and sticking up a copy of the Universal Declaration of Human Rights in the church. Fr Sullivan worked under rightwing military regimes during most of the 40 years he spent in Central America. In that time his Capuchin Franciscan order was sometimes accused of being favorable to leftwing liberation theology. Two years ago his criticism of the lack of political tolerance in Cuba was published in the US press — although he also called the US economic embargo an "unjust and destructive set of laws" which denied medicines to the sick. His comments were considerably less direct than those made by the Pope, who called for political prisoners to be freed and for greater liberty of expression and association, and told Catholics that they had a duty to take part in public debate. Since the Papal visit Church leaders have kept a low profile, avoiding comments which could be construed as political. They say the Pope's visit has brought benefits: more priests are being allowed into the country, Catholic charities have a greater role and per-



PHOTOGRAPH: JOSE GOTTACANADIAN PRESS

Jury to rule if US killer is 'too insane' to execute

Christopher Reed in Los Angeles

AFTER 12 years on California's death row, the triple murderer Horace Kelly was to have been executed last night. He survives to face a new trial, but the proceedings will mean little to him. Psychiatrists will testify that Kelly's years in a San Quentin prison death cell have driven him mad. As the United States supreme court prohibited the execution of the insane in 1986, a federal judge will today hear new legal submissions.

Meanwhile a state judge has begun empanelling a jury to decide whether Kelly is black and aged 38, is sane enough for death or should go to a mental hospital. The official view is that if he is cured, he will be brought back for his lethal injection.

The Kelly case epitomises the scathing criticism in a United Nations report this month which condemned US death sentences as arbitrary, racist, and sometimes in violation of international law.

Although Kelly may be legally insane now, he "didn't start with a full deck of cards", said Michael Radelet, a sociology professor and author of *Executing the Mentally Ill*.

Kelly also has three characteristics found in many death-row inmates. His father, a military serviceman, beat and sexually molested him; his mother drank heavily through her pregnancy; and Kelly, one of eight children, was born two months early, weighing only two pounds.

His family belonged to an evangelical Church that believed in demons and "the rod". His mother has testified that she "usually used a switch" but "often whatever object was available".

Kelly's lawyers say he has a well-documented history of mental impairment, starting with trances at age two.

In San Quentin he has been diagnosed as suffering from chronic schizophrenia with "delusions, hallucinations, incoherence and catatonic behaviour". He is unable to "appreciate his current legal position and make rational choices about court proceedings".

When a psychiatrist asked him if he felt guilt for his crimes, he replied: "The word guilty goes to litigation [sic] examination. You also can defend a person. Guilt runs three different words and meanings."

His murders were horrific. In November 1984 he picked up a hitch-hiker, raped and shot her dead. The next day he picked up another woman, tried to rape her and shot her dead. Both bodies were found naked from the waist down. His third victim was a boy aged 11 who rescued his 10-year-old cousin from Kelly's clutches. He shot the boy three times as he pleaded for his life.

If 'cured' at a mental hospital, he would then be brought back and executed.

The California law defining criminal sanity dates back to 1905 and no case has been heard since 1961. The judge who ordered the jury hearing has been making new law as he goes along.

Last year a US appeal court ruled that Kelly had forfeited the right to a federal appeal because his lawyers had missed a deadline. The law, it seems, is as confused as Kelly.

Most disputes about whether a defendant is sane enough to be executed are resolved quickly by a judge working with prison psychiatrists. The relatively low standard set for mental competency — whether the patient understands what is happening and can answer simple questions about his predicament — means most such appeals for clemency are denied.

Richard Mazer, who heads Kelly's defence team, said Kelly clearly met the standard for mental incompetence and should not be put to death. "This is a man who is disabled in every way possible."

Brazil to extradite kidnap gang

Alex Bellos in Rio de Janeiro

BRAZIL has agreed to extradite the nine foreign Marxist revolutionaries who kidnapped one of the richest businessmen in 1980, bowing to international pressure for political prisoners to be shown compassion.

The kidnapping of the supermarket magnate Abilio Diniz, — father of the Formula One driver Pedro Diniz, — by two Canadians, two Argentines, five Chileans and a Brazilian was one of the most prominent in Brazil, coming days before the 1989 general election.

The trial became an international human rights issue because the kidnappers, who were raising money for the war in El Salvador, were tortured and given unusually long sentences, ranging from 26 to 28 years.

The impact of the event on Brazilian politics is still being felt. Three of the gang were photographed by the media wearing Workers' Party T-shirts and the publicity is widely seen as losing the election for the party, which had been ahead in the opinion polls.

The human rights minister, Jose Gregori, denied that the decision to extradite the prisoners was linked to their announcement yesterday that they would begin a hunger strike.

Political commentators say the government wanted to avert diplomatic tension at the weekend summit of Latin American leaders in Santiago, Chile, which has given its political prisoners amnesty, has been leading the international attempts to secure extradition for Mr Diniz's captors.

Mr Diniz, whose empire includes the Pao de Azucar supermarket chain, was released unharmed after being held for six days in a suburb of Sao Paulo. The gang were captured after a 36-hour siege.

None of the prisoners has reacted to the government's announcement.

Anger as Big Brother spy tactics exposed

The Mexican government has listened in to the private lives of citizens for seven years, reports Molly Moore in Mexico City

JUST after 9pm, Senator Layda Sansores Sanroman banged on the front door of a concrete house in the historic centre of the southern city of Campeche. What she discovered when the janitor opened the door was a scandal that has ripped open the underbelly of Mexican politics.

A back room was crammed with electronic eavesdropping equipment. Another room contained files stuffed with thousands of pages of transcripts of telephone conversations of politicians, journalists and private citizens.

Intimate details of love affairs, corruption and extortion were as damaging enough. But the raid on the government espionage centre has exposed extraordinary details of the government's bugging operations against its citizens, political foes and business leaders.

"I was furious to discover my life on papers, documents, recordings and computer files," said Ms Sansores, a federal senator from the opposition Party of the Democratic Revolution. "Seven years of my life were there, in detail."

In recent weeks, more than a dozen other cases of government espionage have been uncovered, ranging from hidden microphones in the offices of the new government of Mexico City to interceptions of the telephone calls of a state governor.

The discoveries — and the willingness of the targets to go public with evidence — confirmed the longstanding suspicion of many Mexicans that their government acts like "Big Brother".

"Everything I say and do, I assume that I am being spied on," said Vicente Fox

of the National Action Party, governor of Guanajuato state and a declared candidate in the presidential elections in 2000. Mexico, controlled by a single political party for nearly 70 years, is struggling to make the transition to a multi-party democracy, and politicians and private citizens have begun to speak out in increasing numbers against the eavesdropping. One of the tools that many critics argue helped the Institutional Revolutionary Party to maintain its grip on power.

"You were my obsession. Seven years listening to your voice, recording you"

"It is a horrible, filthy method of political control," said Mariclaire Acosta, president of the Mexican Commission for the Defence and Promotion of Human Rights and a regular target of wiretaps. "It's a fundamental violation of the right to privacy."

Many citizens and human rights activists believe the explosion in kidnapping, drug trafficking and other crimes in the past two years has been abetted by corrupt law enforcement officials with access to wiretaps. Every government agency identified with the electronic surveillance operations — the federal attorney-general and interior ministry, the military, the national security agency and many state institutions — has denied knowing anything about it. knowledge.

In Campeche, officials refused to be interviewed. Governor Jose Gonzalez Curi's spokesman said in a statement. "The governor of Campeche is not involved in any case of espionage," and said the accusations were slanderous.

Party officials have accused Ms Sansores of manipulating the information to buttress her claim that the Institutional Revolutionary Party used fraud to defeat her in last year's gubernatorial election.

Tipped off by an anonymous note pressed into her hand during a campaign rally, Ms Sansores said, she spent several months looking for the spy centre. On the night she tapped on the front door of the building, 300 supporters encircled the house for the entire night to prevent the evidence being removed.

She and her aides unearthed records showing that state government cheques were used to buy more than \$1.2 million (\$740,000) in surveillance equipment from Israel. They found certificates of commendation issued to two operators, one an employee of the Mexican national security agency, another a military intelligence specialist, and a list of names of the main bugging victims.

After the raid, Ms Sansores said, she was approached by the centre's operational director. He told her: "You were my obsession for seven years. Seven years listening to your voice starting at 7am, recording you, transcribing your conversations."

She said: "I didn't know if I should cry or laugh... The man right there in front of me knew everything about me and my family. The times I was angry, sad, happy, the family problems."

The man, Valente Quintana Gonzalez, was one of three employees arrested on bugging charges, according to the federal attorney-general's office. All have since been released on bail. — Washington Post.



Ugandan soldiers in training for attack by rebels backed by the Sudanese government

PHOTOGRAPH: BRENNAN LINSLEY

Rebel groups unite against Museveni

Sudan's Islamic government co-ordinates the activities of fighters from Congo, Sudan and Uganda who have pooled goals and set up base in Garamba National Park. Anna Borzello reports from Kampala

A COALITION force of Ugandan rebels, Sudanese government troops — former fighters of the ousted Zairean President Mobutu Sese Seko — is operating from bases in Garamba National Park in Congo, according to the Sudan People's Liberation Army (SPLA).

Garamba, which is situated in the north-east of the Democratic Republic of Congo, borders Sudan to the north and is 82 miles from the Ugandan border. The SPLA source said the force comprised 3,000 ex-Mobutu troops, 1,500 Ugandan rebels and several hundred SPLA deserters and Sudanese government troops.

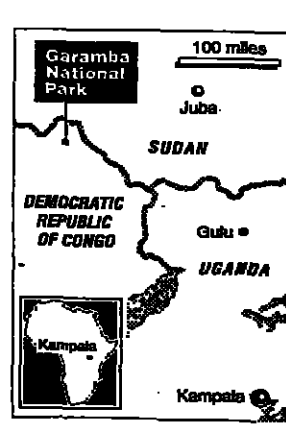
The claim was confirmed by Uganda's acting defence minister, Major-General Salim Saleh. "We know they are in the park. We are tracking their movements," he said.

The SPLA source said the Mobutu supporters fled to Garamba in February 1997 after their defeat by the forces of President Laurent Kabila, who seized the capital, Kinshasha, three months later.

The Sudanese soldiers and Ugandan rebels joined the group in March 1997, after a joint SPLA and Ugandan government offensive in South Sudan captured the Uganda/Sudan border for the SPLA.

During the March offensive the Sudanese bases of the Ugandan rebel West Nile Bank Front (WNBF) were destroyed. Hundreds of WNBF rebels were killed and more than 1,000 surrendered. But 1,500 rebels and several hundred Sudanese government soldiers escaped to Garamba.

The source said that although the three factions in Garamba had different goals,



there have been airdrops into Garamba by Sudanese government Antonov jets, the source said.

The NIF government hopes that by destabilising Uganda and her allies in the Great Lakes region it will be able to destroy support for the SPLA, which has been fighting domination by the Islamist North since 1989.

It is the first time that SPLA or Ugandan officials have admitted that there are opposition forces in Garamba. The forces have been able to conceal their presence because of the park's wooded terrain, which is ideal for guerrilla activity.

Park officials have not visited the area of Garamba where the forces are camped since Mr Kabila seized the region, destroying much of the park's infrastructure in the process. But officials have reported a sharp increase in meat and ivory poaching.

The Garamba coalition forces have also been able to rely on the local population for help while the Ugandan rebels, led by former soldiers of the deposed dictator Idi Amin, can count on support from refugees who fled into exile after Mr Amin was overthrown in 1979.

Tough t

James Meek meets Alexar...
asked night, a former general...
seeking election as governor...
resource-rich but penniless...
Yakutsk region of Siberia...
succeeds, his next goal is...
residency in the year 2000

Greatness in a nauseating smudge

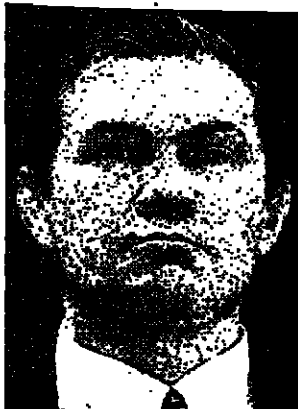
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سكيا من الامل

Tough task on a cold campaign trail

James Meek meets Alexander Lebed (right), a former general seeking election as governor of the resource-rich but penniless Krasnoyarsk region of Siberia. If he succeeds, his next goal is the presidency in the year 2000



voice in the upper house of parliament, leverage as the champion of resource-rich Siberia against the greedy exploiters of Moscow, and access to the campaign moneybags of Krasnoyarsk's raw materials barons.

A defeat would be a near-fatal injury to his political career. He could become the saddest of political beings: an unpopular populist.

It is less than three years since Mr Lebed left the Russian army, after a period of service in which he emerged with honour from a series of catastrophes — Afghanistan, the Caucasus, the 1991 Moscow putsch, and Moldova, where he negotiated a ceasefire which still holds.

He wore a suit on his trip to Chechnya as secretary of President Boris Yeltsin's security council, but it was as one general to another that he cut a brave deal with Aslan Maskhadov which ended that conflict.

"I've learned a lot," he said in Aginskoye. "Not much remains of the general in me." Asked who his political heroes are, though, the list was strictly four-star. He

cited De Gaulle, Marshal Zhukov and Eisenhower.

"You can say what you like about Napoleon but he created a legal code which has operated for 200 years," he said.

"There are many people who by their will alone have forced the tide of events to turn in their favour. I intend to do the same in Russia."

Of Mr Lebed's two main opponents, the communist Pyotr Romanov, once road-tested by the party as an all-Russia leader, has failed to convince. The incumbent, Valery Zubov, a Yeltsin loyalist backed by the Moscow political establishment and ahead in the polls, is more of a challenge.

The Lebed campaign follows its timetable to the minute, an advantage in the wide empty spaces of Krasnoyarsk. The distance from the capital to the Arctic port of Dixon is the same as from London to St Petersburg.

The campaign day that included Aginskoye began with a television interview before the convoy — two white Volgas, a police car and a handful of Ladas — raced 80 miles through an unpeopled

landscape of crows and birches to the agricultural town of Uyar, where Mr Lebed addressed 500 indifferent Siberians at the House of Culture. He stood stiffly in a charcoal grey suit, legs apart, like a mannequin awaiting a change of costume.

"Moscow has nothing except money," he said. "Krasnoyarsk has everything ex-

cept money. What's the use of the territory having gold if it can't spend it?"

Another 55 miles of birches to Angarskoye. Here Mr Lebed lived up as villagers pressed in around him on the main square.

"First question: do you live or just exist?" Mr Lebed asked. "Exist!" moaned a few souls. "Is Krasnoyarsk a rich region?" "Rich!" "So why do we live so badly?" Mutter-

ing. "Who the hell knows!" Laughter.

Mr Lebed does not hide his intention to use Krasnoyarsk as a springboard for the presidency in 2000, but tells voters he will fall in Russia unless he can prove himself as governor of this region. His campaign message — patriotic, pro-market — centres on the paradox that Krasnoyarsk is

plenty of people waiting at the gates for your job."

"I'm a specialist in crisis management," said Mr Lebed. "There's a crisis in Russia today so I'm in the right place."

He sees democracy and the rule of law as things he has been chosen by destiny to clear a way for, not ideas he has to work within.

"I consider democracy is appropriate for Russia, but I don't consider Russia today is a democracy."

● Andrei Nikolayev, another Russian general sacked by President Yeltsin, launched himself into politics yesterday by winning a parliamentary by-election in Moscow.

Gen Nikolayev, a former head of the border guards, is seen as a dark-horse candidate for the presidency in 2000. He joins a growing list of offended top brass fleeing the Kremlin from the political rostrum, including Mr Lebed, the Chechnya veteran Lev Rokhlin, the former defence minister Igor Rodionov, and Mr Yeltsin's former bodyguard Alexander Korzhakov.

Leader comment, page 9

"DON'T get any pleasure out of this," said Alexander Lebed. The notorious deep in his chest. "It's necessary work which, today, I have to do. It's unpleasant, it's dirty, but I've got to do it. There's no other way. We've come too far."

Outside it was dark and frosty. Most voters in the village of Aginskoye had long since dispersed to their log

houses. A bonfire stoked by a medley of youths and drunks made the flanks of Mr Lebed's limo gleam. It was 10pm and he still had 90 miles to travel along rural Siberian roads to reach the next campaign stop.

By dirty work he meant working the hustings. Two years after coming third in presidential elections, the popular former paratroop general is looking for votes again, in a closely-watched poll that many commentators say is in effect the first round of the 2000 presidential race.

A victory in Krasnoyarsk would give him a powerful

Greatness in a 'nauseating smudge'

Jon Henley and Ariane Wilson in Paris

A RECORD 11 exhibitions with more than 700 works celebrate this month the bicentenary of the birth of an artist whose style was described in his lifetime as a "nauseating smudge".

Eugène Delacroix, born in the south-eastern suburbs of Paris in 1798, is one of the best-known names of 19th-century art, but he inspired vicious contemporary criticism.

"Delacroix's case is puzzling," said Vincent Pomarède, the curator of an exhibition at the Grand Palais in Paris. "He had influential contacts in the establishment, so was not a marginal artist, despite the scathing criticism of his work."

The exhibitions at museums around France aim to show that it was the great variety of his work that confused the critics. Delacroix was a Classicist, a Romantic, a herald of

in Paris is showing his prize literary works, including a haunting 1827 sequence based on Goethe's *Faust*.

The exhibition in Rouen reviews the years before 1840, when Delacroix's passionate style was influenced by the father of French Romanticism, Théodore Géricault, for whose *Raft of Medusa* (1819) he posed.

The first painting Delacroix exhibited at the Paris Salon three years later shows Dante and Virgil in a similar setting. No one much liked it.

"He paints with a drunken broom," was a characteristic response, and the word *tartouillage* (nauseating smudge) was coined to describe his immodest use of paint.

He went even wilder with colour after accompanying an imperial mission to Morocco, two years after France's conquest of Algeria. Literature and the Orient inspired him until his death in 1863.

Ariette Serruaz, curator of the Delacroix Museum in Paris, which has an exhibition of watercolours, said: "The last decade of his life has been overlooked, because it does not fit the Romantic label. It was a time of self-questioning, of a return to past models and, at the same time, of experimentation with free touches of colour which influenced the Impressionists."

The Grand Palais exhibition focuses on his last 15 years, when he painted religious subjects, landscapes and flowers. As his health faded, he produced savage animal scenes. His *Lion Hunt*, commissioned for the 1855 World Fair, was too violent and garish to be appreciated other than as a "grotesque aberration".

But he continued to be offered major commissions, including a chapel in the Church of St Sulpice. His last paintings were disliked by most. But shortly after his death, buyers flocked to a 15-day sale which included 6,000 drawings. In 1893 he was finally honoured with a monument in Paris.

No one much liked it. A common response was: 'He paints with a drunken broom'

Impressionism, a draftsman, painter, engraver, prolific writer — and something of a mystery.

Alexandre Dumas, author of *The Three Musketeers*, said he must have been "hung, burst, drowned, poisoned, and strangled by the age of three", and rumour had it that he was the illegitimate son of the politician Talleyrand.

Delacroix rather fancied himself as a latter-day Hamlet. A fan of Shakespeare, Byron, Shelley and Walter Scott, he was a regular at the heated discussions of Parisian literary salons, along with the writers Prosper Mérimé, Stendhal and Georges Sand, and the composer Frédéric Chopin. The National Library



Exhibitions around France aim to show that it was the great variety of Delacroix's work that confused the critics. Dante and Virgil (1822), above, shown in Rouen, was influenced by Géricault's *Raft of Medusa* (1819). Tobias and the Angel, left, drawn the year before his death is exhibited at the Grand Palais in Paris. An earlier work, *Greece on the Ruins of Missolonghi* (1826), is a rare evocation of contemporary events



French cauli war blooms again

Paul Webster in Paris

B RITANY'S cauliflower war is about to burgeon after a holiday weekend truce. Growers announced new protests yesterday to follow the attacks in which they dumped tons of unwanted heads to disrupt railway traffic throughout western France.

Hundreds of thousands of pounds of damage was caused in the first round as the growers, clashing with riot police, focused on disrupting the super-speed TGV train service from Paris to Brest.

They burnt signal wires, forcing the state railways to organise fleets of buses to serve holiday resorts like Quimper.

Although an Easter truce was called, it is expected to take engineers about a fortnight to repair the damage to equipment around the Brittany capital, Rennes.

The FDSGA farmer's union secretary-general in Brittany, Thierry Merret, said the growers had nothing to lose by stepping up their violent protests.

"We have only just started. The government has turned a deaf ear to our difficulties. Cauliflowers are our main crop, but prices are so low that growers are having to live on 75 per cent less than 15 years ago," — about £3,000 pounds to £5,000 a year.

Growers said about a quarter of the 100 million cauliflowers produced in Brittany would have to be dumped because of the drop in prices in the past two months.

The price had fallen to about 14p each because of a glut caused by warm late winter weather. About 5,000 smallholders depend on cauliflowers for their income.

The agriculture minister, Louis Le Penec, said there was no possibility of extra aid.

The growers were already receiving about £7.7 million from the European Union and a further £5 million from French sources.

But Jean-François Jacob, chairman of the local young farmers' committee, said the growers intended to get tougher.

"Mr Le Penec has no idea of what is going on — he just flips through his files when we're defending a way of life."

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Greasing the Duma

Yeltsin rules: at a price

WHO RULES Russia? Yesterday it was Boris Yeltsin in his most decisive presidential mode. Urged by the Duma to reconsider his proposal for the new prime minister he replied that "they know their president: there will be no other candidate". Asked whether he would, if necessary, dissolve the Duma, he noted with emphasis that he was "not using this phrase (dissolution) now". Invited to change the constitution so that the leader of the upper house would succeed him in case of emergency, he insisted that "there will be no changes ... so long as I'm the president". Those in the West who regard Boris as their best bet will be taking heart: he is asserting his pre-eminence as vigorously as if he were party general secretary in times gone by.

Mr Yeltsin may also have set an exciting new precedent yesterday by being the first leader of an important nation to bribe his legislature in public. He invoked the name of Pavel Borodin, a presidential aide in charge of distributing apartments, cars and other goodies to parliamentarians. Mr Borodin, he said, had been told to be helpful provided the deputies showed a constructive approach. The aide would be waiting till Friday — the probable date for the next attempt to secure the Duma's approval for Sergei Kiriyenko. "They know what it's all about," said Mr Yeltsin with a nudge.

Mr Kiriyenko, it should be acknowledged, has made quite a positive showing since he emerged from relative obscurity as Mr Yeltsin's nominee. His experience in

government is limited to less than a year at the energy ministry. But many Russians believe that someone of the younger entrepreneurial generation may make a better job of it — or at least cannot do any worse. He has already indicated he will seek to curb the excesses of reform, paying more regard to the quarter of the population — about 32 million people — who now earn less than the recognised subsistence wage. He has spoken frankly about the looming crisis in which unless something is done 70 per cent of the budget will go to service Russia's debts by the year 2000. He has appealed to local interests by talking of the need to reapportion tax revenues so that more is returned to the provinces. It is also clear that the main opposition parties in the Duma are not implacably opposed to Mr Kiriyenko: they simply set a price on their support. Since the alternative, constitutionally, if he is thrice rejected, would be dissolution of parliament, the odds are in favour of a deal, if not in time for a second round, then before the final throw.

The real problem is whether Mr Kiriyenko can contend with the hidden forces behind the Russian state and produce some useful results. This is where the question "who rules Russia?" may get a different and more credible response. The answer which most Russians would give is relayed in an article in the current issue of Chatham House's *The World Today*. It is that Russia is now run by a small circle of businessmen headed by the famous "Group of Seven" financiers. The article carries the apposite title "Robbing Russia." The most powerful of the seven, Boris Berezovsky, boasts that they represent the "bare fangs of capitalism" and control 50 per cent of the country's natural resources.

Mr Berezovsky was assumed at first to be behind the ousting of the last prime minis-

ter Viktor Chernomyrdin, having fallen out with him over preparations for the last of the great oil sell-offs — the Rosneft state company. But it was Mr Kiriyenko during his short tenure in the energy ministry who helped set the Rosneft terms. His future even if he passes the Duma test now looks that much less secure.

Ulster's real test

It's not arms but belief in peace

NO NEWS is good news, says the old adage, and it seemed true enough in Northern Ireland yesterday. There was relief that those watching the Apprentice Boys' march along the Lower Ormeau Road had nothing to report. Two years ago a Unionist parade in a Catholic area touched off trouble; yesterday, it passed without incident. The Apprentice Boys took the guidance of the parades commission and turned back before they reached the danger-zone.

It was a small gesture but a valuable one. Optimists will see it as a sign that last Friday's breakthrough has dramatically altered the mood in Northern Ireland. But it is too early for such thoughts. There will be 3,500 marches this year, mostly organised by groups without the flexibility of the Apprentice Boys. On July 12 the Orange Order plans to maintain its custom of marching along the mainly Catholic Garvaghy Road in Portadown, an event guaranteed to arouse apprehension. The chief constable of the RUC, Ronnie Flanagan, probably had this in mind yesterday when he warned that there was "still scope for potential disorder". Now it is up to the Orangemen to see if they can follow the lead set by the Apprentice Boys.

That same spirit should inform the de-

bate on decommissioning. Followers of the painfully slow peace process will be forgiven their sense of *deja vu* as, once again, the handover of paramilitary weapons becomes a major sticking point. The issue was revived this time by John Major in a weekend interview. The former prime minister deserves credit for his early role in the process, but this latest intervention was hardly helpful. Instead of boosting Northern Ireland's hopes, he stirred Unionist fears by conjuring the prospect of Sinn Féin taking its place in a new assembly while keeping an "armalite under the table". It's odd that Mr Major should have brought up such a sensitive question at so delicate a time. He of all people knows the obstructive power of the decommissioning issue.

So it now falls to the peacemakers to defuse the matter. The most persuasive argument may be the one put yesterday by John Hume. For him, decommissioning is not really the point: if the hardmen are playing games, they can hand in weapons on a Monday only to buy new ones in secret on a Tuesday. The important test is whether the ex-paramilitaries are truly committed to peace and democracy — and that will take time. Granting them that time — as well as a face-saving way to hand over arms without the appearance of surrender — is a risk. But, for the sake of peace, it's surely a risk worth taking.

Turgid termites

Gnawing at our foundations

THE TERMITE is the Jekyll and Hyde of the insect world. On a good day it fulfils a vital function by eating decaying or dead wood and recycling it into useful nutrients. On a bad day it does exactly the same thing

— only to houses and other wood structures because no one has taught it the difference.

Once they have found themselves some tasty wood, termites are incredibly self-sufficient. They live where they eat and they eat where they live. They never need to phone for a take-away. And that's the trouble. In warmer countries like the United States they wreak more havoc than fire and flooding put together. The toughest of the breed (Formosan termites) can devour their way through bricks and mortar and even concrete to get to wood in order to satisfy their habit. Several years ago they even had the affrontery to gnaw at the roots of democracy itself — the Statue of Liberty which suffered severe infestations in the base of the monument housing the museum.

For centuries Britain, which hasn't been invaded by any foreign bodies since 1066, has been able to sport a stiff upper lip on the subject of termites: they were always someone else's problem. Not any more. As we reported yesterday, these outsize ants have been caught trying to colonise a part of north Devon though the exact location is being kept secret to protect local estate agents. Scientists say that termites in Britain have been nurtured by the same global warming that has brought us dolphins frolicking in the sea in April off Lyme Regis. But explanation isn't enough. We must have a cure. What we need is a national termite policy. No longer should they be allowed to gnaw away at home (and at homes). In this day and age they must either change their diet or go out into the world and do wood-eating for the community. Otherwise we will miss the chance to chip away at Nature's version of the dependency culture: and welfare-to-work will be a gnawing failure.

Letters to the Editor

From Domes to condoms

[GOT as far as "Lord" Baker is an intellectual giant among politicians] (Domes-laden, G2, April 13) — and threw up. But Stephen Bayley should have stayed with the project. We need something on the Dome's scale to house his ego. John Dady, Taunton, Somerset.

HEZZA and Mandy, Bill and Ben under the Millennium dustbin, are united by their appalling lack of imagination. Ian Campbell, Ynyslas, Dyfed.

AFTER visiting the Festival of Britain (Letters, April 13) we went to Ernest Race, the designer, and bought a couch, armchairs and a rocking chair. I still have great affection for them and visitors can't believe they were designed in 1951. Jacqueline Ennals, London.

SCIENTIFIC explanation based on Sumerian writings for the creation of our heaven and earth and the dividing of the water between them (Scientists discover water in space, April 9) is detailed in Zecharia Sitchin's book *The 12th Planet*. The writers of the Hebrew Genesis later adapted the Babylonian version. A case of science and religion catching up with ancient knowledge, perhaps (Letters, April 9). Philip King, London.

THE amazement of the scientists was as nothing compared to the joy of the people of Yorkshire when finally the fate of the water that leaked from Yorkshire Water's defective water system became known. F A Becht, Aberdeen.

CHARDONNAY and "something for the weekend", an unusual shopping trend (Real men give the game away, April 13). Condons make excellent air-tight sealers for half-drunk bottles of wine. Peter Bird, Falkham, Norfolk.

FURTHER to recent letters, I'll fax you a very brief note, following all the tips, what chance of publication on Monday (or even Tuesday)? Kay Steward (799), Chair, One-woman Creative Correspondence Committee.

Tactical errors in schools debate

THOSE who presume to question government proposals on education are still smeared as "militants" or "Trots". What is so depressing is that the Guardian engaged in these smears (Leader, April 13).

I have little to do with the education system, but it is clear that there are profound concerns about proposals for education action zones and other changes.

Instead of discussing the implications, you took the easy way out. You just labelled those who reject the proposal as seeking to invalidate their concerns by undermining their right to express them. These are tabloid tactics.

It is disturbing that voices cannot be raised against particular policies without being caricatured in this way.

This disallows discussion and marginalises people. If it is teachers today, who will it be tomorrow? Linda Lennard, London.

WHY does Stuart Lester (Letters, April 13) imagine that ending selection will mean children being directed to a particular school by bureaucratic diktat?

Using Orwellian catch-phrases doesn't change the fact that children are usually "allocated" places by the LEAs' admission policies. Where there is no pecking order, these allocations are difficult but manageable.

Where there is a variety of schools with spurious "choice" the outcome is often heartache for many children and parents. There would be more money for the schools if the bureaucracy forced on to many authorities was reduced. Bob Tutton, NUT conference, Blackpool.

I WAS surprised to read about David Blunkett's plans for the future of the education system and of the concerns of teachers on the issues of workload and red tape. As a teacher working in the

state sector in Scotland, I also belong to a General Teaching Council: I was promoted to the position of senior teacher, designed to keep excellent teachers in the classroom; and I work under a contract of employment that states a maximum class size of 30 and limits the amount of non-teaching tasks that I can be asked to do.

Perhaps before Mr Blunkett goes any further he should speak to his colleagues at Westminster to find out how the teaching profession in the rest of Britain operates. M G Barry, Renfrewshire.

MARGARET Hodge MP recently called for a return to payment by results in education. She should consult the opinion of a chief inspector of schools who experienced an earlier attempt at this clumsy measure. Edmund Holmes, who retired in 1910, recognised that a national curriculum and payment by results were

bound together. The former furnished material for regular examinations; the latter enabled the results to be turned into a convenient, apparently objective, sliding scale of remuneration.

But, says Holmes, the system obscured the true purposes of education. In his opinion, What is and What Might Be, Holmes speaks of the "tendency [of the examination system] to arrest growth, to deaden life, to paralyse the higher faculties ... to involve education in an atmosphere of unreality and self-deception." He also describes the flurry of rote-learning and mechanical drilling that occurred when an inspector's visit was due, since teachers' financial futures depended on their pupils' performance. He called the system a source of "infinite mischief".

There is still a little time left in which to think again. Christopher R Shute, Polesworth, Staffs.

More Marmite addictions

WE TOO have a son who appears to exist solely on Marmite, plus chocolate, bourbon biscuits, Ribena, occasional orange juices or diet cola, and whatever milk he has in tea (Marmite diet baffles boffins, April 9). He, too, is a keen sportsman and, of our four children, he has less days off school. Perhaps this phenomenon is not so unusual. Brian Partridge, Maidstone, Kent.

THIS boffin was baffled by your piece. The main ingredient of sandwiches is bread, the "staff of life" and a rich source of fibre and protein, vitamins and minerals. With his occasional orange juice, milk, fromage frais, nuts and raisins, young Daniel probably has a far superior diet to that of most of his age peers. Just think — no burgers, no soft drinks, no crisps ... Dr Chris Allen, Herne, Kent.

MY SON has grown up on a Marmite diet and is now 18. I consulted various people including a homoeopath, dietitian and a psychologist. About 11 years ago an article was published in *She* magazine about an 8-year-old Marmite sandwich-eater. A newsletter was started by one of the boys' parents (the Marmites were nearly all the odds). Dolly Parton has been married to one Carl Dean for the past 33 years. The tumultuous years Wynette spent with George Jones were probably the cause of her finest recordings and live performances. Yet, for all that she suffered in those years, she was not as prolific a writer of songs as many other country singers. But then there were plenty of writers to realise her ideas, none more so than Billy Sherrill.

Her material can be divided in three. There was pre-Jones, comprising deserted wife songs, kiddy songs or loyal wife songs; there was post-Jones romance and agony. And then, her late 1960s album, *Higher Ground*, suggested she was moving into a third and more interesting phase which might involve a wider range of material. But, despite widespread critical acclaim for the album, there were to be no more recordings in this vein. Mike Harvey, Clacton, Essex.

For the record

I AM shocked by the publication of Erin Pizzey's untrue and damaging letter (April 8). Neither I personally, nor the organisation that I belonged to — the London Women's Liberation Workshop — was ever to my knowledge engaged in planning or conducting bombing attempts outside the Miss World contest or the Post Office Tower or anywhere else, or in any other acts of violence. Sally Alexander, London.

CATHERINE Bennett, referring to an article on the breakdown of my marriage, suggested (Barling, April 11) that I believed the union of Della and Grant Bovey could still work. In fact, I clearly stated the opposite. Shyamna Perera, London.

We do not publish letters where only an e-mail address is supplied; please include a full postal address. We may edit letters. The Country Diary is on page 10.

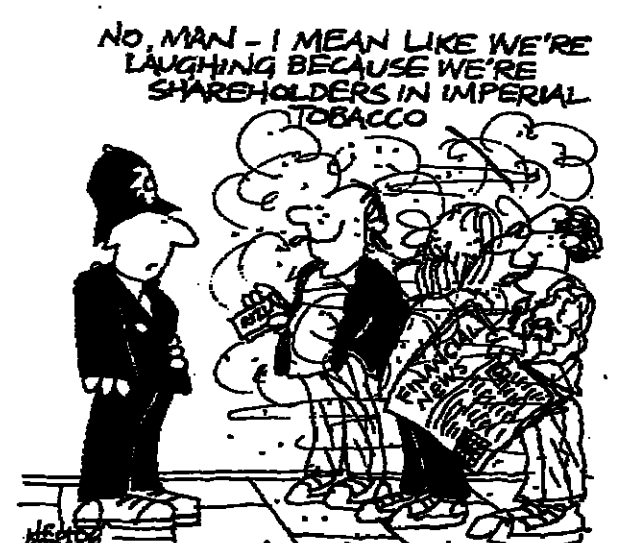
Wacky baccy

WHY are your business journalists being so coy about the real reason why rolling one's own cigarettes is, to quote Julia Finch, "verging on the trendy" (Imperial's big roll-up, April 9)?

Any fool can tell you why this sector of the market is booming. Imperial Tobacco can't be unaware of the possibilities either. After all, they took over RZ2 before buying a tobacco business in Holland (see another clue).

Presumably they'll now target late-night petrol stations and the makers of KitKat and Pink Floyd albums. John Duncan almost hit the nail on the head when he mentioned that cigarette smokers have their favourite brands, but "roll-up smokers are much more choosy". Too right, but we ain't talking about tobacco. A G Roberts, Cardiff.

GARETH Davies of Imperial Tobacco is right to draw attention to the fact that 70 per cent of hand-rolling tobacco consumed this year will have been smuggled. The Tobacco Alliance, representing independent



retailers, believes the smuggling of tobacco and its illegal resale are undermining the independent retail industry and harming public finances. Tobacco sales make up about a quarter of the turnover of a corner shop. Many are being driven out of business. The incentive to smuggle arises from the differential in tobacco duty between Britain

and the European Union. For example, a packet of 20 cigarettes costs £3.36 in Britain but only £1.78 in Belgium. Also smugglers do not care to whom they sell tobacco, so children have greater access. The solution is harmonisation of tobacco taxes. Paul Mason, Tobacco Alliance, London.

Country matters

IN TAMMY Wynette's obituary (April 8) you reported that Dolly Parton was once married to Porter Wagoner. Sorry, against all the odds, Dolly Parton has been married to one Carl Dean for the past 33 years.

The tumultuous years Wynette spent with George Jones were probably the cause of her finest recordings and live performances. Yet, for all that she suffered in those years, she was not as prolific a writer of songs as many other country singers. But then there were plenty of writers to realise her ideas, none more so than Billy Sherrill.

Her material can be divided in three. There was pre-Jones, comprising deserted wife songs, kiddy songs or loyal wife songs; there was post-Jones romance and agony. And then, her late 1960s album, *Higher Ground*, suggested she was moving into a third and more interesting phase which might involve a wider range of material. But, despite widespread critical acclaim for the album, there were to be no more recordings in this vein. Mike Harvey, Clacton, Essex.

Will Irish peace agreement herald break-up of the United Kingdom?

THE Northern Ireland peace agreement may usher in a new era of peace and stability (Terror risk to peace deal, April 13), but its implementation could bring the break-up of UK a step closer.

The main thrust of the agreement seems to be to help Northern Ireland evolve its own separate political identity, hence the emphasis on the removal of Articles 2 and 3 from the Irish constitution, and the repeal of the 1920 Government of Ireland Act, both of which link Northern Ireland either to the Irish Republic or to Britain.

entity of Northern Ireland has crystallised — and by then Britain, having joined EMU, would have forfeited much of its sovereignty — Northern Ireland, like Scotland, would have nothing to lose and everything to gain by becoming an independent constituent of the European Union. The peace agreement, although a step in the right direction, is not without its long-term implications. Randhir Singh Bedra, London.

ARETHINK of attitudes to Europe would offer exciting possibilities. We need to

move beyond our current political attitude to a European federal unit based on regions. Imagine a situation in which England, Scotland, Wales, Northern Ireland and southern Ireland were contributing members of a federal Europe. And imagine the effects this would have on relationships between our communities.

The European Court could help resolve problems, and subsidiarity, together with social and economic convergence, could be powerful progressive forces. J R Turner, Telford, Shropshire.

IT SEEMS that little, if any, attention has been paid to the core problem of the six counties of Northern Ireland: that the electorate votes according to religious upbringing. As this is a matter of near absolute conviction, there is no room for democratic debate. So, for as long as decisions are limited to a majority of the Northern Ireland electorate, no real progress can be expected.

UK political parties should be trying to get people elected in Northern Ireland according to political beliefs, not religious allegiances. Arthur Worland, Huntingdon, Cambs.

DAVID Trimble is surely right to say that the Good Friday agreement will strengthen the union as well as provide a framework for peace in the province.

Conversely, a No vote in the referendum will lead to further disunion with Northern Ireland in Britain. A mood of "a plague on all their houses" will develop, not least because of the huge human and financial cost to the mainland of maintaining the union. Like all partnerships, the union needs consent from both sides of the Irish Sea. John O'Brien, Morpeth, Northumberland.

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Sir Ian MacGregor

The scourge of Scargill

THE motto of Clan MacGregor is "ever do and spare naught". It was one that perfectly fitted the long and turbulent career of Sir Ian MacGregor, who has died of a heart attack aged 65. He was, in succession, chairman of the British Steel Corporation and the National Coal Board, heading the latter during the great strike of 1984-1985 which divided the miners, the labour and trade union movement — and the country.

Sir Ian was a physically and mentally tough Scot who spent most of his working life with American companies. At vast expense to the Exchequer, he was head-hunted back to Britain under the Thatcher government to run the National Coal Board and drastically cut its mines and workers. His style precipitated in 1984 what was to be one of the worst miners' strikes of the century. Then he seemed determined to give the moral victory to the equally unpopular opponent, the National Union of Mineworkers' Arthur Scargill, whose hatred of the British class system he paradoxically shared. "In a way," said MacGregor, "a soldier has to shoot to kill. Unfortunately I'm a soldier in that kind of war."

This confined his reputation in liberal circles in Britain as one of the toughest hatchers and worst contritionists since Sir Eric Geddes (of the 1920s expenditure cuts). In the US, his attitudes were much more esteemed and he followed Alexander Graham Bell, Thomas Edison, Orville Wright and Marconi in being awarded the Fritz Medal for services to industry. When the call came to chair the NCB, he was over 70 and had a limited partnership in the New York bank of Lazard Frères. Rumours that he was going to take up the NCB chairmanship at £50,000 a year with the bank pocketing a £15 million fee to compensate for losing his services were greeted with incredulity. But MacGregor was already a multi-millionaire and, when his appointment was confirmed, made no secret of an urge to help British industry become more viable.

When, near the time his three-year (1983-1986) contract with the NCB was due to run out, the NCB made a record £2,200 million loss, Mrs Thatcher tried to hand him. It was widely rumoured that the Prime Minister had persuaded Ronald Reagan to offer MacGregor a job with the Federal Reserve Board in Washington, to get him off her hands. MacGregor confessed that after his experience with the miners' strike anything in Washington "looked good" but he resisted all attempts to oust him.

Characteristically he later said: "To tell you the truth, I expected to be sacked at the time of the coal strike. But I had a strong case and I would have gone public on it. The Government knew that. I've never wanted to be a politician, but I can handle them."

The son of a Scots accountant and a schoolteacher mother, who brought her family up strictly in the United Free Church, MacGregor was 14 at the time of the General Strike of 1926. He heard his father say: "A few union leaders should not be allowed to use their men to hold the country up to ransom." This simple code became his. His two elder brothers drove trucks in Glasgow to help break the strike.

His universities were Glasgow and the Royal College of Science and Technology. He went to Canada and then the US in 1940 to help arrange war supplies for Lord Beaverbrook's Ministry of Supply. As he later put it, he realised that the British class system wanted to make managers of Oxbridge graduates and technicians out of everyone else. He decided to stay and met his English-born wife, Sibyl, there. His children worked or married into the law. For a decade from 1967, MacGregor was chief executive and chairman of Amax, a multinational conglomerate. It traded in metals, ores and minerals. He introduced the company to coal production by acquiring Ayrshire Collieries in the US mid-west, the 11th largest American coal producer, in 1968. By the time he left the company it was the third largest in the US. Its annual output was 50 million tons. Amax sales went up by 900 per cent in a decade. In 1975 the company paid MacGregor £150,000 a year and his own shares in the company were worth nearly £2 million.

He revealed his blend of Mammon and moralising by becoming chairman of Redglow in American Life, famous for its slogan: "The family that prays together, stays together." But his abrasive style was considered harsh by some, even in American business, and he fought long and hard against recognition of the United Mine Workers of America. The union fought back with an advertisement reading: "We all know Amax for what it is — a leader of anti-union activity throughout the nation."

Later, in 1979, MacGregor was commuting from the US as deputy chairman of British Leyland under the chairman Michael Edwards. He claimed to be responsible for steering the board to sack Derek Robinson, "Red Robbo", a Longbridge Birmingham shop steward. In 1980 he became chairman and chief executive of the British Steel Corporation. Again, mills were closed, workers sacked, and production cut in an effort to achieve profitability. His reward was a knighthood in 1986. He is survived by his son and daughter.



Thatcher's man ... Sir Ian MacGregor in contemplative mood

PHOTOGRAPH BY ROBIN LAURANCE

General Sir Frank King

Rewriting the manual

WHEN Frank King, who has died aged 79, was appointed GOC Northern Ireland and Director of Operations in February 1973, he inherited a demoralised police force and a garrison of soldiers struggling to develop tactics to cope with the debilitating effects of widespread civil disorder and political turmoil.

Although the Army had mounted Operation Motorman, its biggest land operation since the second world war, in July 1972 and now deployed a heavy presence in the most troubled areas, shooting attacks, bombings and sectarian murder, albeit at a reduced level, continued on a wide scale. The Army brought in its

most talented young officers to study the situation, in the process rewriting the manuals on urban guerrilla warfare to articulate the new doctrines of counter-terrorism and peace-keeping. King, who was frequently seen on the streets and at the scenes of incidents, brought his considerable expertise and encouragement to bear on this learning process. But in May 1974, with King firmly at the helm, the Army was taught a signal lesson about the full extent of conventional military impotence in situations like Northern Ireland.

The 1973 Sunningdale Agreement created a pioneering power-sharing executive in a reduced level, continued on a wide scale. The Army brought in its



Frank King ... spelt out the realities of Northern Ireland

knees, extremists secretly subverted key workers in the power stations and launched a general strike in May 1974. As the effects of the power rundown, and collateral intimidation, became progressively more catastrophic, farm animals died in large numbers and food supplies were interrupted. There was also the prospect of raw sewage spilling into the streets as the pumps failed. The Labour government, led by Harold Wilson, and his Ulster Secretary, Merlyn Rees, came under pressure from the fledgling executive to use the Army to confront the intimidators, distribute fuel and take over the power-stations to break the strike.

It fell to King to spell out the realities. Even if the military could run the complex electricity system, they could not, he emphasised, there were not enough soldiers to put even one at every distribution pylon to prevent sabotage and ensure distribution. Similarly, there was little the Army could do to keep roads open and break the strike. "You can't go round shooting people because they want to do a certain thing," he said.

Alex Ritchie

Courage aboard the Challenger

ON January 7, 1997 doctors ruled that Rory McCarthy, one of Richard Branson's co-pilots on his round-the-world balloon attempt was too ill to take off with the tycoon, and fellow co-pilot Per Lindstrand. So when Branson's Virgin Global Challenger floated up from Marrakesh that day it was design engineer Alex Ritchie — who has died of septicaemia aged 52 — who replaced McCarthy.

After the Challenger had made its scheduled climb to 30,000ft the trip began to go badly wrong. Eight and a half hours after takeoff Ritchie was astride the capsule roof, trying to save the craft. In five hours the balloon had fallen more than 25,000ft — at times at speeds of 400ft a minute — and was minutes away from disaster amidst the Atlas mountains. By jettisoning a fuel tank, which he did, he saved the tycoon's life. Then, last January came the bitter twist. Ritchie, aged 51, with Lindstrand, made a recreational parachute jump from 13,000ft over Marrakesh. After falling 4,000ft Ritchie realised that his parachute was corkscrewing and made attempted to unravel it. It was not until 58ft that he succeeded in opening his reserve parachute which also became entangled. He crashed into a concrete car park at around

60mph and sustained multiple injuries which after a staggering battle, have killed him. Born in Glasgow Ritchie moved aged six with his mother to Cape Town. He was educated in Durban, and graduated from the University of Natal with a science degree. After postgraduate work at Cambridge University, he worked in the motor industry, on gas turbines, and opened his own engineering consultancy business.

Lindstrand meanwhile had noted Ritchie's work on balloon burners more than a decade ago. Thus was Ritchie commissioned to work as a design engineer to develop hot air burners for Branson's balloon projects. When in 1991 Branson set off from Japan across the Pacific it was Ritchie who had designed the burners designed for operation above 30,000 feet and the support engines which operated off propane gas.

Frank Tindall

Plans for a better way of life

WHEN I think of Frank Tindall, the Scottish town and country planner, who has died aged 79, I imagine him being larger than he was — an indication of the effect of his generosity of spirit and bigness of heart. The elder in a pair of non-identical twins, he came from a line of architects, engineers and builders, including Sir Charles Barry, architect of the Houses of Parliament.

Tindall was a civilising socialist of the old school, who believed in careful thought and planning and the obligation of the better-off to use their advantage for the well-being of the less advantaged. Alongside this historicist, semi-Marxist view — he studied history at Clare College, Cambridge, after Uppingham School — lay a unique insight into what we would now call ecology. A significant moment came while serving as a major in the closing months of the second world war. Frank had ordered

the felling of trees for use as fuel, when an Austrian farmer suggested that it was the trees, and not the young, that should be taken. Frank's *Memoirs*, which are to be published in the autumn, tell the story of the aspirations of postwar planning and show him as a visionary. Prewar, he had organised an undergraduate study tour of planning in Europe and his approach was concerned with balance, and mutual responsibility. After study at the Town Planning Institute, Frank worked on the plan for Peterlee, the County Durham new town and at the Ministry of Town and Country Planning. In 1960, he became East Lothian's planning officer and from 1975 until his 1985 retirement he was Lothian Regional Council's director of physical planning. Taking on a poor and rundown county, his ecological approach soon emerged. He understood the importance of conservation —

in contrast to preservation — and foresaw changes to local old industries. The fashion was to destroy old buildings but he used them for new purposes as with the mining museum at Prestongrange and Newtongrange. He also imported Dutch techniques for dune preservation through planting grasses and shrubs, thus creating the beautiful coastal walks East Lothian now boasts. East Lothian's landscape, townscapes and quality of life owe much to Frank's influence and the county town, Haddington, bears witness to his success. He was instrumental in setting up Scotland's Nature Conservancy Council — for which he was awarded an OBE — and, in retirement, he developed natural forest at Stranraer, Abernethy, in Highlands, near the croft cottage he had enjoyed for so many years, winning in his last summer and to his great delight the Hunter Blair Trophy for outstanding forestry. He oversaw

the regeneration of the splendid estate at Bankton House: the house converted to viable flats, the gardens restored to their Georgian glory. But, in a way, his understanding of ecology is best expressed simply in the love of the land and its produce, of the possibilities it offered for creating delight and in the joy of achieving a sensitive and productive balance between humanity and nature that characterised his home and his garden. After his funeral I went to visit Haddington. The little town is still delicately coloured, the colours reflecting the scheme chosen by him and his architect-planner wife, Mary Miller, whose sensitivity and interests such as architecture, conservation, and his four grandchildren, and his twin.

He was concerned for others — in the way he served fine wine generously, without limit, in infectious bonhomie, and gifts to visitors at his Midlothian home of his prized honey and home-grown vegetables, and in the way he listened. A generous and devoted father and grandfather, Frank Tindall is survived by Mary, whom he married nearly 50 years ago, their three children and four grandchildren, and his twin.



Frank Tindall ... care and concern for others

Birthdays

Gerry Anderson, film producer, director and writer 68; Dr Brian Bertram, zoologist 54; Julie Christie, actress 58; Susan Davies, photographer 62; Sir John Gielgud, actor 94; Eldwen Harpur, actress 40; Valerie Hobson, former actress 81; the Rt Rev Dr David Hope, Archbishop of York 58; Paddy Hopkirk, racing driver 65; Julian Lloyd Webber, cellist 47; Lolita Lynn, country singer 58; Craig Macdonald, cricket star 33; Caroline Marland, managing director, the Guardian and Observer 52; Rt Rev Michael Marshall, archbishop's adviser on Evangelism 62; Baroness Masham, campaigner for the disabled 63; Rev Abel Muzorewa, Zambian churchman and leader 73; Prof John Newton, gynaecologist 69; Marisa Phillips, president, Mental Health Review Tribunal 68; Prof John Roberts, historian 70; Donald Skipper, director, Westminster Centre for Education 67; Rod Stelger, actor 73; Baroness (Elizabeth) Symons, junior minister, Foreign Minister 47; Baroness Warnock, former mistress, Girton College, Cambridge 74.

Jackdaw



God given

BEFORE each meal, Gwen Shamblin thanks the Lord for her daily bread, not to mention the ice-cream and chocolate cake she treats herself to on a regular basis. The 5ft 4in, 8st mother of two from Nashville in the US eats what she wants, when she wants and never gains weight — something she attributes to a power far greater than her metabolism.

shop, a Christian-based weight-loss programme that is offered through more than 18,000 churches across the US. "People think broccoli is righteous and fudge brownies are a sin," she says. "But God did not put chocolate on Earth to torture us. He created it, there in the fat stirred the sugar. I praise him when I eat it."

God is like a box of chocolates, a comforting post-Easter thought, from Zest.

enable people to tie the elastic round their legs and throw themselves from a great height: bungee jumping. So what about bungee jumping? The cold psychological view would be that it's caught on because young men feel their hairy-chested sexual role to be threatened in an age of female liberation and therefore reconstruct it symbolically. After all, it derives from a Pentecost island ritual of

masculinity where men tie lianas to their ankles and leap off a bamboo scaffold. (Usually they do it in the dry season, but when the Duke of Edinburgh paid a visit, they were persuaded to do it in the wet season when the vines were green and stretchy and well — it was all very sad.) But wait. Isn't that a woman I see about to leap over the edge? I ask my Indonesian informant about it. Bungee, in Indonesian comes out as *bancu*. Unfortunately, that's the word for a transvestite. So bungee-jumping comes out as a sort of transvestites' leap. The origins of bungee, in *High Life*.

Spell it out FROM the transcript of a commercial that was broadcast last November on local television and radio stations in Washington, DC, by the Free Congress Foundation and the National Center for Public Policy Research. (The foundation maintains a Web site that provided updates on Paula Jones's sexual misconduct suit against Bill Clinton. In its first month, the number below received more than 4,000 calls.)

NOEL Coward would not have been 100 this year as was stated in an article, *A Talent to Amuse* (G2, Page 17, April 10). He was born on 16 December, 1899.

THE newly-appointed chief inspector of social services, Denise Platt, is not the first woman to hold that position as we said in a news in brief item (Page 9, April 10). The same post, under a different title — director of the social work service in the DHSS — was filled by Joan Cooper from 1971-6.

LAURENCE Olivier's first name was misspelled on the letters page in Saturday's paper. It is the policy of the *Guardian* to correct errors as soon as possible. Readers may contact the office of the Readers' Editor, Ian Moyses, by telephoning 0171 239 9339 between 11am and 5pm, Monday to Friday. Fax: 0171 239 9697. E-mail: reader@guardian.co.uk

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Yum yum ... Zest finds God

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Yum yum ... Zest finds God

Tuesday April 14 1998

Early Dow Jones ↓ 36.61 at 8958.25 □ Nikkei ↓ 163.54 at 16317.58 □ Hang Seng ↑ 27.56 at 11342.02

11

Financial Editor: Alex Brummer
Telephone: 0171-239-9610
Fax: 0171-833-4456

FinanceGuardian

Coast-to-coast merger a matter of America catching up with Europe

Washington Notebook



Alex Brummer

AMERICAN banking has always been different from its European counterpart, with thousands of small banks strung out across the continent and size the exception rather than the rule. But in an increasingly globalised world it has become apparent that this structure, which owes more to a fear of large-scale financial power than to logic, would crumble. Nobody could have predicted how rapidly change would come. The mergers unveiled yesterday, worth \$90 billion (\$54 billion), are surprising both in terms of their scale and the point at which they have occurred in the US economic cycle.

Chicago from the Mid West, are part of the process of creating the first national banking network. The mergers are the equivalent of those which took place in Britain early this century and in the 1960s establishing a clearing network which survives today. The new mergers are horizontal rather than vertical, and thus very different from the "one-stop" house of the Citicorp-Travelers deal. The latter is about creating a broader distribution network for the companies' products, whereas the new mergers are about national champions. The deal commanding the most attention is BankAmerica and NationsBank's. It is representative of America's changing economic geography, with the Sunbelt economies of the South and California claiming precedence over the Rustbelt and traditional financial centre of New York.

It is fascinating that NationsBank, which has grown into neighbouring states this decade from its base in Charlotte, North Carolina, is a sufficiently confident institution to be seen as partner for the mighty BankAmerica. Hugh McColl, mastermind of NationsBank's expansion, will run the combined bank as chairman and chief executive for two years; David Collier of BankAmerica is marked as his successor. This is a better arrangement than the miscegenated joint authority given to John Reed and Sandy Wells in the Citicorp-Travelers deal which, in the long term, is likely to be unwelcome. Although the markets will welcome the two mergers, the wisdom of the timing is worth considering. By merging at the top of the

economic cycle, when equity prices appear close to unsustainable levels by historic standards, these banks are showing they subscribe to the notion that size is the answer to all problems, and building into the cost structure inflated values, in terms of the quality of assets merged to the stock options doubtless offered to all employees.

IF EVER there was a "sell" signal for the Dow Jones index, it is in these end-of-cycle deals. The logic of sweeping away more than 60 years of over-regulation, set into place by the Glass-Steagall Act, is sensible. Although at the local level US banks have been innovative in marketing and new technology, the fact that domestic business travellers still have to be equipped with American Express travellers cheques rather than a cheque book or UK-style swipe card, demonstrates the limits, for US banking development, of the current ownership structure. The proposed mergers, a chance to break this mould by offering genuine national and international banking.

Presumably the opportunity will be taken to create IT that is also capable of handling a further final piece in the geographical puzzle, which would be a link or merger with the diminishing crowd of New York money-centre banks. It is not only banks that will face challenges. The basis of banking regulation will have to be addressed. At present, much of the authority for American banks' supervision is at state level. The new breed of super-banks will invest much more authority in central regulation, carried out by the Federal Reserve and the Comptroller of the Currency. The banking mergers mean the sort of centralisation of economic power long been resisted by the states. The response of the federal banking regulators, Congress and the anti-trust authorities in Washington could be as essential to the success of these mergers as their shareholders' votes. Of course, in Britain, the vital question is whether the American bank mergers will spark a new wave of UK concentration. The case for British bank mergers has been made stronger by the sheer muscle-power the new US banking conglomerates will be able to exercise, both nationally and internationally. With the arrival in force of the former mutual banks on Britain's high streets in force, the UK has almost certainly become more overbanked than it was — although not on the scale of mainland Europe. It is hard to resist the idea that size will become an obsession, too, for Britain's more ambitious bankers, in the shape of Martin Taylor of Barclays and Sir Brian Pittman of Lloyds TSB.

Dawn of the megabank age



\$60bn deal set for biggest US bank

Mark Tran in New York

US banks yesterday kept up a frantic pace of consolidation with two mega-mergers: a \$29.8 billion (\$18 billion) deal between Banc One and First Chicago and the \$59.3 billion merger between NationsBank and BankAmerica which, if it comes to fruition, will create the nation's largest bank.

Growth path: NationsBank

NATIONSBANK — soon to be part of America's largest banking group — began as a \$2 billion (\$1.2 billion) small-time operator in the 1970s called North Carolina National Bank and muscled its way into organising loan consortiums for big corporations. Chairman Hugh McColl, an ex-marine, earned himself a reputation as one of America's most expansion-minded bankers and, in one takeover, told his target to respond promptly "or I will launch my missiles".

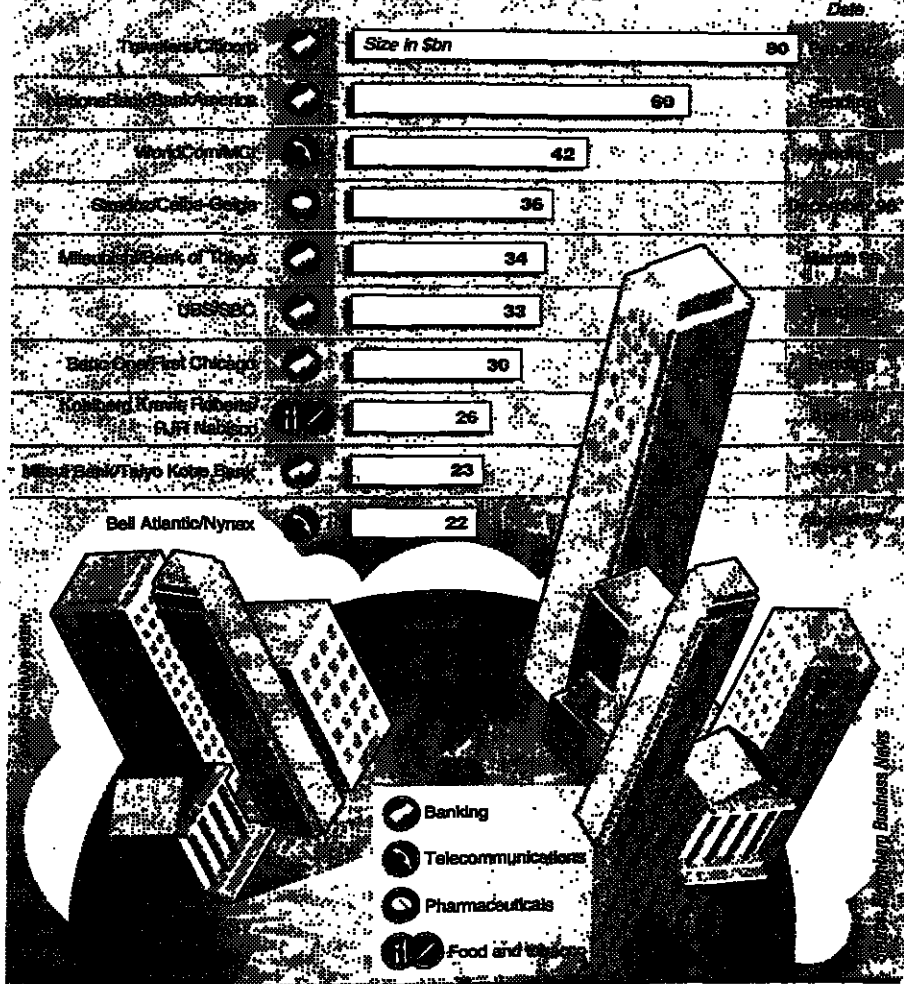
THE ACQUISITIONS
July 1988 — First Republic (Texas) \$1.5 billion (the government provided \$840 million as First Republic was insolvent).
Dec 1991 — C&S/Sovran (Virginia) \$4.3 billion.
Aug 1993 — Maryland National Corporation \$1.4 billion.
Jan 1997 — Bancamerica Bancshares (Mid-West) \$9.5 billion.
Oct 1997 — Mortgage Security Securities (California) \$1.2 billion.
Jan 1998 — Barnett Banks (Florida) \$15 billion.

and analysts expect the emergence of about seven conglomerates similar to new Citicorp and BankAmerica from among its 100 leading banks. The mergers are expected to reverberate outside the US. Citicorp, if it wins government approval, hopes for 1 billion international customers by 2000, and the new super-banks will want to tap into the global private pensions revolution.

In Europe, Latin American and even China, governments are beginning to set up privately funded retirement plans similar to America's. One reason why Merrill Lynch bought Britain's Mercury Asset Management Group in 1997 was to gain market share in expectation of a global pensions boom. A round of mergers is expected in the UK, where investors have been snapping up shares in financial services for months. Many distinguished names have already been acquired by foreign companies. Deutsche Bank now owns Morgan Grenfell, and Barings was swallowed up by ING, the Dutch banking group.

The name of the game is to offer "one-stop" shopping, including banking, insurance, brokerage services and investment vehicles, such as mutual funds. While the financial supermarket concept fell flat in the 1980s, bankers feel the time is now ripe because of an increasingly integrated global economy. Some remain sceptical. "It all sounds fine on paper, like Communism, but it doesn't work so well in practice," said one analyst. The two mergers announced yesterday are not as audacious as Citicorp's, but their thrust will be directed more at retail banking, although both NationsBank and BankAmerica have investment banking arms. The NationsBank-Bank-

Global march of the mega companies



America merger — to be named BankAmerica Corporation — will have \$707 billion in assets and a market capitalisation of \$133 billion. The conglomerate, with 800 branches in 24 states and a presence in 37 countries, will go a long way to fulfill the dream of A.P. Giannini, who founded BankAmerica a century ago, to create a national bank in the US.

Fast bank mergers in the US have been driven by the desire to become more efficient. The present wave is motivated by the need to boost revenues. Bank profits have soared in the past few years, through improved efficiency, combined with low, stable interest rates, allowing them to take advantage of the big spread between what they pay for funds and the fees for customers' loans. Revenue growth, however, has been minimal, and the chase is on for new customers.

The scale we will achieve together means we will hold market leadership positions in the majority of our business lines," said David Coulter of BankAmerica. "It will include strong market share in nine of the 10 largest and fastest-growing states."

Treasury saves £3bn from pension mis-selling scandal

New fiasco fears as Labour touts stakeholder plan, says LIZ STUART

THE Treasury has quietly pocketed £3 billion amid the wreckage of pension mis-selling, thanks to the previous government which indirectly helped to cause the scandal. When the Tories introduced personal pensions in 1988, they actively encouraged employees in company schemes to opt for private pension plans by offering financial incentives. Because a "high proportion" of those opting out were in the public sector, the Treasury saved the £3 billion in pension provision for its own employees, notably teachers and nurses, according to a report today from consultancy Bacon & Woodrow. The bill for reinstating

those people into occupational schemes is being picked up by the insurance companies and not the taxpayer. Now Bacon & Woodrow is warning that any plans by this Government to advertise the so-called stakeholder pension, or offer a financial carrot to entice employees to opt into it from company schemes could lead to another mis-selling scandal. "We are worried that Labour is so anxious to make stakeholder pensions a success that they will start making it an unlevel playing field and make the same mistakes as the Conservatives made with personal pensions," says Richard Whitfield, a partner at B&W. The first blueprint for the stakeholder pension is due in June from John Denham, junior Social Security Minister. The estimated total cost of compensating the victims of mis-selling contin-

ues to soar. The initial figure of £3 billion leapt to £11 billion last month when industry super-regulator, the Financial Services Authority, issued a reversal. But B&W says this assumes not all the estimated 2.3 million people eligible for compensation will claim. If all investors were to respond to the letters being sent out by the offending insurers and financial advisers, the cost could be nearer to £22 billion. If this is the case, insurance company reserves will not be sufficient to cover the costs. Instead profits will be hit, meaning cost-tomers with with-profits life insurance policies will see their bonuses depleted, if only by 2 to 3 per cent. This is in spite of some insurers — recent examples being United Assurance and London and Manchester — more than doubling the provisions made to meet their compensation bills.

Pilots press for shares

Tony May

THE British Airline Pilots Association wants to create the country's biggest employee share ownership scheme — in money terms — when Thomson Travel group is floated next month with a price tag of about £1.5 billion. The pilots' union has called on the board to issue enough shares to give all 14,000 employees a 10 per cent stake. Thomson is the nation's biggest travel group with more than 26 per cent of the market, 800 high street travel agents including Lunn Poly, and the Britannia Airlines. Balpa argues that its plan will align employees' interests closely with those of shareholders. Its proposals would cost Thomson £7 million if all employees received £500 of shares. This would be followed by a scheme offering shares based on performance targets, a pure profit-related plan, and incentives for employees to buy shares. In January City advisers Capital Strategies published



research showing that companies in which employees have an ownership stake out-perform competitors. Its Employee Ownership Index measured the relative share price performance of UK-quoted companies where at least 10 per cent of the issued share capital was held directly or on behalf of employees other than directors. In 1997, the EOI out-performed all the main UK indexes, including the FTSE 100, FTSE All-Share, FTSE Small Cap and FTSE Medge. An investment of £100 in the EOI at the beginning of 1992 would have risen to £241 at the start of this year while the same amount invested in the FTSE All-Share six years ago would have risen to only £196. Four of the 33 companies included in the EOI saw their share price rise by more than 25 per cent in the final quarter of 1997 alone and in one case, FI Group, where the workforce owns 47 per cent of shares, the share price rose by 66 per cent. Capital Strategies admitted that share prices were only a crude measure of corporate performance and did not always match the profitability, cashflow or durability of a company. It conceded that it would be unwise to claim any direct relationship between employee ownership and

share price growth. But it said its evidence suggested that employee-owned companies tended to feature progressive approaches to management and communication. Some companies also report rises in productivity. Another report, by fund manager River & Mercantile, found that schemes where employees own fully paid-up shares in the company are the best option because the interests of employees were directly aligned with the interests of outside shareholders. It warned that indirect equity schemes, which grant share options to employees, were less effective as there was a risk that if share prices fell significantly below their option exercise price, employees might not only lose interest, but become demotivated.

Quiet times expected as bosses take their holidays

This week

Tony May

MOST of the City's powerful fund managers are on holiday having left strict instructions for their underlings to leave the levers of power alone. That will keep share trading volumes light but will not stop the stock market tracking up and down in response to conflicting signals from the DMF. It said interest rates might rise but the pound should fall against European currencies. Analysts noted the lack of corporate announcements but did expect banking and financial shares to perk up in the wake of the US mega-mergers.

TOURIST RATES — BANK SELLS			
Australia 2.476	Germany 2.964	Malaysia 5.18	Singapore 2.51
Austria 20.82	Greece 50.19	Mexico 0.841	South Africa 8.20
Belgium 61.50	Hong Kong 12.51	Netherlands 3.322	Spain 249.54
Canada 2.225	India 65.01	New Zealand 2.95	Sweden 12.91
Cyprus 0.886	Ireland 1.175	Norway 12.29	Switzerland 2.461
Denmark 11.35	Israel 6.15	Portugal 303.25	Turkey 365.510
Finland 8.058	Italy 2.947	Saudi Arabia 6.17	USA 1.637
France 9.804			

